

THE ECONOMIST

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

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BEING FROM OCTOBER TO DECEMBER 1937, INCLUSIVE

JL
Xm56, N37
N37.129

LONDON:

PUBLISHED AT THE ECONOMIST OFFICE,
8 BOUVERIE STREET, FLEET STREET, LONDON, E.C.4

MCMXXXVIII

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THE ECONOMIST

Vol. CXXIX

OCTOBER 2, 1937

No. 4910

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National Health

THE National Health Campaign, which was inaugurated by a speech by the PRIME MINISTER on Thursday evening, is a novelty in British politics. This is not, of course, the first time that the State has concerned itself with health matters; on the contrary, the first great Public Health Act is more than sixty years old. But Disraeli's contemporary motto of *Sanitas, sanitas, omnia sanitas* shows how greatly the conception of public health has changed since then. The victories of sanitation are mostly won, and the present campaign registers the new concern of the State not merely with the prevention of disease but with the active promotion of good health.

The campaign has received and deserved a general welcome. There have been cynics who have objected that this sudden concern with bodily fitness is of military origin. The imputation is probably false; but even if it were not the campaign would deserve support. A healthier potential soldier for the future is also a healthier citizen in the present. And, in any case, whatever the origin of the enthusiasm, the new campaign needs a general interest and approval if it is to be prevented from falling too completely into the hands of the drill sergeant.

The specific objectives of the campaign are twofold: to encourage the general public to make full use of the various health services which the central and local authorities provide; and to give an initial impetus to the physical fitness movement inaugurated by last year's Physical Training and Recreation Act. Both these are excellent objectives. Physical fitness has never been so much of a gospel for the people at large as for the

highest layer of British society. The ordinary working people probably have fewer opportunities of muscular exercise here than in many other countries. It is also true that excellent public health services are not adequately used by those for whom they are intended. Various reasons can be given for this. In part it is, no doubt, due to the Englishman's invincible dislike of submitting his private concerns to official inspection. In part it is due to the traces of the old Poor Law stigma which still cling to many of the services taken over by the county councils eight years ago; in wide circles of the British public it is still something of a disgrace to go to hospital. In part it is due to a certain apathy which follows the success of public health policies. Thus, smallpox has virtually been stamped out and, perhaps as a result, less than half of the babies now born are vaccinated. But, in the main, the failure adequately to use the health service is due to mere ignorance, and an educative campaign can hardly fail to do good.

While we praise the Government's campaign, however, we may be allowed to ask why it should not be given a much wider scope. National health embraces many things besides free medicine and physical jerks. Relatively to their wealth the English have not, at least in the past two centuries, been an outstandingly healthy people. This is partly due, no doubt, to the accident that we had our great growth in population, in industry and in urban agglomeration at a period when notions of housing and sanitation were rudimentary and conditions of labour were barbaric. It is significant that rickets, pre-eminently a disease of poor living conditions, is known in Germany, a much poorer country, to this day

as *die englische Krankheit*. Many people have not forgotten the shock of discovering, when, during the war, virtually the whole adult male population passed under medical review, that (in the words of an official report) "of every nine men of military age in Great Britain on the average, three were perfectly fit and healthy; two were on a definitely infirm plane of health and strength, whether from some disability or some failure in development; three were incapable of undergoing more than a very moderate degree of physical exertion, and could almost (in view of their age) be described with justice as physical wrecks; and the remaining man was a chronic invalid with a precarious hold on life."

That was twenty years ago, and there has certainly been some improvement in the intervening period. Indeed, some of the vital statistics make encouraging reading. The death rate from the majority of specific diseases has been very substantially reduced. In comparison with the 1870's, smallpox and typhus have been completely and enteric fever almost completely stamped out. The fatal incidence of measles is less than a tenth, of scarlet fever only a fiftieth, of respiratory tuberculosis less than a third of the figures of sixty years ago. Perhaps the outstanding achievement is the reduction in infantile mortality of all varieties from over 150 to less than 60 per thousand live births. The rate has been halved in the last twenty-five years.

These are the triumphs of public health. But it has its failures. The rate of maternal mortality has risen and is rising. In part this is due to the fact that, with smaller families, a higher proportion of pregnancies are the dangerous first pregnancies. But the variations between districts show only too clearly that universal and adequate provision for pre-natal and post-natal care would substantially lower the number of deaths. The other black spot is cancer, the crude mortality from which has almost doubled since the beginning of the century. Here again there are explanations—rising average age and greater frequency of diagnosis—but they cannot explain away the increase. Tuberculosis, though its incidence has been reduced, is still far more prevalent than the state of medical knowledge would justify. And the group of rheumatic diseases is still perhaps the greatest single enemy of the comfort of the poor.

Obviously there is room for very great improvement

in the national health. And equally obviously the current National Health Campaign, though it will help, is far from being a direct assault along the whole front of national ill-health. Such a complete offensive would have a number of separate avenues of attack. There is, of course, first of all the overriding twin problem of improving the accepted standards of housing and nutrition. But apart from these familiar immensities, there is much that could be done. General instruction and propaganda on healthy ways of living (in a wider sense than physical exercise), such as are given on a large scale by certain American life insurance companies, would be of immense value to a public which is left without guidance in a forest of interested counsel and stenorian patent-medicine advertising. Perhaps the Government's Advisory Council could turn its attention to this. A much wider, but no less desirable, reform would be the gradual development of National Health Insurance from a mainly curative to a mainly preventive service, through the wide encouragement of frequent health examinations. These are all things that the public could be educated to do, as they are being educated in other countries. But the medical profession might also with advantage overhaul some of the details of its organisation. Is the prevailing system of general-practitioner-cum-specialist, both dependent on patients' fees, ideal from either a curative or a preventive point of view? Is our traditional hospital system as efficient as the systems of other countries? A comprehensive official inquiry into the nursing profession has been announced within the last few days; it might usefully be supplemented by parallel inquiries into other aspects of medical organisation.

This is but the merest outline of what a really comprehensive National Health Campaign might embrace, but it is enough to fire the imagination. Moreover, such a campaign has the great advantage over almost all other proposals for social betterment that it need not be costly of public money. What is needed is the State's organising power, not its taxing capacity. There are, indeed, on this purely utilitarian basis, few regions of State endeavour where the ratio of profit would be higher. Let us therefore be ready to rejoice that a beginning is being made; let us be ready to rejoice even more if it proves to be only a beginning.

Dies Irae

DAY after day Japanese aircraft have been dropping high explosive on crowded, open and largely defenceless Chinese cities. At this moment, thousands of Chinese men, women and children are being killed or maimed by Japanese air power against which they are as defenceless as they are unoffending. According to a Shanghai estimate, the death-roll of civilians caused by these bombings reached nearly eight thousand in ten days. Contemptuous of their country's good name the Japanese war-lords are devoting themselves to mass murder.

The horror with which these events have been greeted all over the world itself affords the only relief from what would otherwise be complete despair for the immediate future of human society. The annihilation of distance, which makes it technically possible for the Japanese to bomb Chinese civilians hundreds of miles behind the front, also makes it impossible for the rest of the world to remain indifferent to these dark deeds in the Far East. We are all, very rightly, afraid of the terror by night and of the arrow that flieth by day; and when we see a thousand fall at our side and ten thousand at our right

hand, we have all too little confidence that it shall not come nigh ourselves.

Indignation has been spontaneous and universal. Every one of the six Great Powers has protested to Tokyo. In the free countries the temper of popular opinion is rising. And at Geneva the Assembly of the League of Nations has unanimously adopted a resolution which "solemnly condemns" the "aerial bombardment of open towns in China by Japanese aircraft" and declares that the bombardments "have aroused horror and indignation throughout the world."

If the flame of indignation is to prevail against the blackness of this murderous iniquity, words must be backed with action. And where action is concerned, everything remains to be done. There is, of course, no need to prove that the Japanese are breaking either the existing law of nations or the common conventions of humanity. In the words of the American Government declaration, "any general bombing of an extensive area wherein there resides a large populace engaged in peaceful pursuits is unwarranted and contrary to the principles of law and humanity." The breach is flagrant.

At the same time, we have to face the fact that the law as it stands—and, *a fortiori*, the technical and political and social presuppositions of the law—are legacies from an age in which the conditions of warfare were totally different from what they are to-day.

Our present laws of war are the product of an eighteenth-century reaction against the barbarities of seventeenth-century warfare, and they are based on a theory which corresponds to eighteenth-century rather than present-day facts. The theory was that war was a conflict between Governments and not between peoples; while the liabilities of belligerent Governments were unlimited (a defeated State might forfeit its very existence), those of human beings were not, except in so far as individuals deliberately identified themselves with Governments by putting on military uniform and taking part in regular hostilities. On this theory, the civilian population's liability to war damage was limited, incidental and regrettable. Since gladiators could not fight without an arena, it was inevitable that, even in "civilised warfare," crops should be trampled, houses knocked down and non-combatants occasionally hit by shots aimed at combatants; and of course "the sport of kings" had ultimately to be paid for out of their subjects' purses. But beyond this, non-combatants had a right to be exempt from being victimised. Now, what has happened since this theory was first put into practice some 250 years ago? Latterly, the distinction between Government and people and between combatants and non-combatants, on which the theory rests, has been rapidly breaking down. The "limited warfare" of the eighteenth century has been giving place to a "total warfare" in which our progress in the art of organisation has made everybody a virtual combatant, while our progress in technique has made everybody a potential target. The facts of war have changed beyond recognition; the laws of war remain as they were. Is it possible to revise these laws in a way which will enable us to keep up the practice of "civilised warfare" under the new social and technical conditions? If not, we are now faced with the choice of abolishing the institution of war altogether or else reverting to an indiscriminately barbarous warfare which, under "post-civilised" conditions, may be suicide.

The art of flying was in its infancy when the Great War of 1914-18 overtook us. What have we done since then to define and limit the use of the air arm by contractual agreement between Governments? The answer is astonishing. Though we have now had nearly nineteen years' grace since the Armistice of 1918, the first actual step towards legislating for the conduct of war in the air was taken at Nyon the other day, when it was agreed that, for the strictly local and temporary purposes of the Mediterranean Patrol, the rules for the conduct of submarines towards merchant ships which had been embodied in the London naval treaty of 1930 should be extended to aeroplanes. As far as it goes, this step is effective, for it virtually makes it impossible for any aeroplane to sink or capture a merchant ship in any way that can count as being "legitimate" and not "piratical." But the new Nyon rule protects only shipping, and that only in the Mediterranean. At sea elsewhere and on land everywhere, the civilian population of the world has no legal protection against air bombing except an eighteenth-century code which is now being treated as a dead letter.

Other attempts that have been made so far to deal with the air menace either regionally or oecumenically have led to no results and have simply brought out the difficulties of the problem. The Anglo-French proposal, for example, in February, 1935, for an agreement, limited to five Powers and Western Europe, to provide collective resistance against (or reprisal for) unprovoked

aerial aggression by any one signatory on any other, has suffered the same fate as all other Anglo-French-German negotiations. The immediate obstacle was the failure to reconcile this regional proposal, and its accompanying propositions, with the diplomatic situation created by "the indivisibility of peace." But there remained unsolved a difficulty even deeper-seated in the technical and social conditions of modern warfare. These conditions are at the heart of the world-wide air problem with which we are now faced by the actions of Japan.

The Japanese defend their hideous use of the air arm (at any rate unofficially) on the ground that the wholesale indiscriminate bombing of civilians in the interior of China will break the *morale* of the Chinese people, make it impossible for the Chinese Government to continue its resistance, and thus bring the war to a speedy end. In short, these quick pupils in the Far East are putting into practice the ideas which have been germinating so perilously in this Europe of ours during the last ten years. In these challenging claims lies the fundamental point of difference between the eighteenth century and to-day. There is to-day an unprecedented solidarity between Governments and peoples. Your civilian behind the lines may not be a combatant; he may not even be a munition worker or a producer of the army's food and clothing; but he cannot help being a factor in a public opinion on which the war power of his Government is ultimately dependent. If you can really stampede the public, you can probably bring any modern Government to its knees. The aeroplane is a hell-sent instrument for just this purpose; and, if the Japanese were to be successful with it, could any of us trust ourselves to go to war without succumbing to the temptation to employ the same weapon in the same way? On the other hand, Japanese barbarities may have exactly the opposite of their intended effect. They may rouse the Chinese people to support the Chinese Government with a tenacity and enthusiasm that may baulk the invader of his prey. For China—unlike Abyssinia—is by no means hopelessly outmatched in modern equipment or in financial resources, while her vast population—whether engaged in active or in passive resistance—and the extent of her territory present a military problem in comparison with which the Abyssinian campaign was child's play.

If China's resistance stiffens, it may unexpectedly grant us a day of grace in which to take thought—and action—for meeting this stupendous challenge. If Japan achieves her ends by means which, however highly sponsored, remain in the most literal sense methods of barbarism, what then? It will have been proved that prostitution of the greatest achievements of science for the mass slaughter or maiming of innocent civilians is the most effective method of warfare; it will have been proved that nations are unable to restrain the aggression of one of their number who chooses to run amok; it will have been proved that the moral reprobation of the world can be flouted with impunity; it will have been proved that the prestige of the West counts as nothing in the East when once Asia has in her hands, and has learned to use, the products of Western industrialism.

The answer to all this is no mystery, but has been clearly before use for years past. Events in China are, in more emphatic terms than ever, stressing two inescapable conclusions. The first is that the world can only be saved from a disastrous relapse if the nations are prepared to take steps for the enforcement of international law and justice; and the second is that humanity can only be spared the brutalities of air warfare by the complete abolition of military aviation. Let us hope that the nations will have the wisdom and the courage to take up once again these tremendous tasks before it is too late.

Nine Months' New Capital

THE continued rise in Britain's industrial activity has, at first sight, been well and truly reflected in the returns of the new capital market this year. Only once since 1928 has the current total of new issues made by direct public offer been exceeded—as will be seen by reference to the first of the tables given at the foot of this page. If the basis be broadened to include all securities which have obtained permission to deal on the London Stock Exchange, it appears that the nine months' aggregate has increased by as much as 80 per cent. since 1935.

These comparisons, however, exaggerate the volume of new public investment. Both sets of figures for 1937 include £99½ millions of new money for the Government's National Defence Bonds, which were issued, but not fully subscribed by non-official investors, last April. The total on our New Basis also includes some £46½ millions of Tithe Redemption stock (worth just under £41 millions at its opening quotation at the end of August), which represents the funding of an old liability rather than the creation of a new one. Finally, the larger total includes some £29 millions representing a 50 per cent. issue of bonus shares by the Anglo-Iranian Oil Company, valued at the opening Stock Exchange price. These three exceptional items alone account for 42 per cent. of the total capital which has been granted permission to deal: while National Defence Bonds alone account for 46 per cent. of the total capital raised by direct public offer.

The experience of the whole market during the last few weeks, in fact, suggests that while Treasury "control" continues to limit the operations of new borrowers of trustee status, activity in the uncontrolled "industrial" sections is showing some of the traditional symptoms of a movement which has overrun itself. It is true that many of this year's company issues have been followed by the common-form announcement of over-subscription, and that the conventional hour for the closing of lists opened at 9 a.m., which used to be 10 o'clock, has been progressively put back to 9.5 and,

more recently, to 9.1. The limit in this direction must now have been reached, unless issue houses, following the example of the lady who travelled much faster than light, close their lists at 8.55. But the market has been slow to resume its normal activity after the close season last August; and certain ominous signs and portents have appeared in the last few weeks, during which dealings in Stock Exchange securities as a whole have been consistently depressed. For example, the Stock Exchange Committee has postponed permission to deal in the shares of one company, after underwriters had been compelled to take up 60 per cent. of the total offered. In another case, inadequate subscription has induced the directors to take the extreme step of returning all the money subscribed.

Only two branches of the new capital market have, in fact, been even moderately busy this year. Leaving Treasury borrowing out of account, issues by home corporations and public boards on the one hand and by domestic industrial borrowers on the other, have represented 84½ per cent. of the 1937 total on our Old Basis and 77½ per cent. on our New Basis. British corporations, counties and public boards head the list of non-Government borrowers with a total (New Basis) of £32 millions, but this figure is well below the £58 millions raised in the first nine months of 1936. Nearly one-third of this year's total is made up of a single issue of over £10 millions by the London County Council. A further £9 millions is represented by the second tranche of the Treasury-guaranteed London Electric Transport loan. These two issues together account for 59 per cent. of the total corporation and public board borrowing of 1937 so far. The remaining £13 millions is divided between a dozen borrowers.

A supplementary table, which appears on page 46, shows that among industrial borrowers (excluding the Anglo-Iranian bonus issue) the largest groups are—in descending order—mining, exploration and finance, coal, steel and engineering, and electricity. These industries, plus the residual "manufacturing and miscellaneous"

TABLE I
TOTAL BORROWING BY DIRECT PUBLIC OFFER (OLD BASIS)
First Nine Months of Each Year
(Million £)

First Nine Months of Year	British				Empire	Foreign	Total Issues	Index 1928 = 100
	Government	Home Corporations*	Others	Total Home				
1928 ...	84.3	10.0	17.3	211.6	52.2	28.9	290.7	100
1929 ...	0.2	7.8	108.7	116.7	56.3	20.1	193.1	66
1930 ...	43.8	33.0	46.3	123.1	38.2	31.3	192.6	66
1931 ...	12.5	6.7	31.5	50.7	38.4	9.2	98.3	33
1932 ...	101.6	27.0	16.5	145.1	17.5	Nil	162.6	56
1933 ...	150.8	20.7	25.8	197.3	24.5	5.3	227.1	78
1934 ...	42.7	16.0	41.3	100.0	24.0	1.4	125.4	43
1935 ...	1.8	48.3	69.7	119.8	9.5	0.2	129.5	44
1936 ...	Dr. 0.8	56.4	61.8	117.4	14.4	0.6	132.4	45
1937 ...	96.8	31.8	65.4	194.0	16.4	1.5	211.9	73

* Including county and public board loans.

TABLE II
TOTAL BORROWING, INCLUDING "PERMISSION TO DEAL"
(NEW BASIS)
First Nine Months of Each Year
(Million £)

First Nine Months of Year	British				Empire	Foreign	Total Issues	Index 1935 = 100
	Government	Home Corporations*	Others	Total Home				
1935 ...	1.8	51.5	151.8	205.1	19.6	1.4	226.1	100
1936 ...	Dr. 0.8	58.3	182.3	239.8	23.0	5.0	247.8	109
1937 ...	144.2	32.3	171.5	348.0	56.8	2.8	407.1	180

* Including county and public board loans.

TABLE III
CONVERSION ISSUES (OLD BASIS)
First Nine Months of Each Year
(Million £)

	1932	1933	1934	1935	1936	1937
British Government ...	116.4	50.8	105.0	Nil	Nil	Nil
Other Conversions	13.0	118.1	81.7	125.9	181.1	45.6
Total	129.4	168.9	186.7	125.9	181.1	45.6

TABLE IV
TOTAL COMPANY ISSUES BY PROSPECTUS (OLD BASIS)
First Nine Months of Each Year
(Million £)

	1930	1931	1932	1933	1934	1935	1936	1937
Deb. Pref.	18.5	20.3	0.8	14.3	7.8	20.9	10.7	14.7
Ord.	14.8	6.2	8.0	7.3	13.4	26.8	14.9	16.5
Total	20.1	16.9	5.6	6.8	37.0	30.1	48.2	47.9
Total	53.4	43.4	14.4	28.4	58.2	77.8	73.8	79.1

TABLE V
TOTAL COMPANY ISSUES (NEW BASIS)
First Nine Months of Each Year
(Million £)

	1935	1936	1937
Debentures	39.6	22.0	22.2
Preference	41.3	29.8	26.3
Ordinary	88.5	131.1	176.4
Total	169.4	182.9	224.9

group, together account for 73 per cent. of this year's industrial total, according to our New Basis figures. No other group has itself been responsible for as much as £10 millions. Conspicuous absentees from the market have been virtually all Empire and foreign Governments (except the Kingdom of Iraq), almost all municipal corporations and public boards overseas, and all main-line railways, home and foreign.

The conclusions suggested by the latest available figures can thus be briefly summarised. Many of the gargantuan borrowers of the past appear to-day either to have lost much of their appetite for new capital or to be unable fully to satisfy it in London. Meanwhile, the British Government maintain a prior lien on the resources of the market for new gilt-edged securities. For the rest, they reserve the benefits of low long-term interest rates, first, for securities embodying their policy as expressed in Acts of Parliament; and, secondly, for a limited number of public authorities whose operations are halted at the first sign of congestion. Voluntarily or otherwise, the market is filling the more negative of the

functions which those who advocate the cyclical planning of public works would assign to it; for, during the last three months, when our business activity index has been making new high records, public authority borrowing for capital construction has been very small. In the uncontrolled areas of the market the ordinary share is still the favourite instrument of new investment, and the small rather than the large company is the typical issuing unit. Some 103 companies, with an average of only £180,000 each, have contributed to the £18½ millions raised under the heading "manufacturing and miscellaneous" by direct public offer this year. Already, however, the setback in Stock Exchange prices is leaving its mark on this section of the market. If present tendencies continue, a time may come when public disinclination to subscribe may impose a stricter censorship on the more speculative type of industrial issue than any regulations the Treasury ever devised. And if the impetus of British trade activity slackens, a perceptible relaxation of control over public authority borrowing may be the appropriate corollary.

Woolcombing—A Reply

Combing is the first important process through which wool passes on its way to the worsted industry. On page 461 of The Economist of September 4, a trade correspondent made a critical analysis of the policy of the Woolcombers' Mutual Association and of the outlook for the industry. In the following article, another correspondent explains and defends the position of the various Associations in the trade.

The worsted section of the wool textile industry is divided into three main processes—combing, spinning and weaving. As the earlier article explained, there are three classes of woolcombers, namely: commission combers, topmaking combers and spinner combers.

The woolcombing industry was affected by the post-war depression, in common with almost all other industries. The problem it had to meet was one of productive capacity which greatly exceeded requirements, combined with trade depression and consequent price-cutting. Since 1910, combing prices had been fixed by agreement between the members of the Commission section of the Woolcombing Employers' Federation. During the period from 1925 to 1930 several drastic reductions were made in an effort to meet "price-cutting" competition by outside firms. These reductions, however, did not improve the volume of trade done by commission firms, and they had little or no effect on "price-cutting." It became obvious that no permanent improvement in conditions could be effected so long as capacity to produce was abnormally in excess of maximum requirements. It was felt that two things were essential to put the industry on a sound basis. The first was the elimination of redundant plant and the second was the restoration of prices to an economic level.

In 1930, the Woolcombing Employers' Federation (whose membership is composed of commission and topmaking combers) took up the task of re-organising the industry. In 1933, a scheme was adopted which resulted in the formation of the Woolcombers' Mutual Association, Limited, with the sole object of purchasing and eliminating redundant combing plants. The members of the company entered into agreements to pay a levy on the production of tops. To provide immediate funds for the company, a public issue of debentures was made, with the levy agreements as security. Immediately on its formation in February, 1933, the company purchased and scrapped several combing plants which had been cutting prices.

Arrangements for regulating prices in the commission combing section were re-organised by the Commission Woolcombers' Association. On July 1, 1933, prices were increased to a level which, under normal conditions, provided a fair margin of profit. These prices were

definitely competitive with the prices charged in the principal Continental countries.

These schemes have now been in operation for four years. Surplus productive capacity is gradually being eliminated and price-cutting by outside firms has been materially reduced. Much remains to be done before the position of the industry can be regarded as satisfactory; but in the meantime the operations of the two Associations have brought about an ordered state of affairs, previously unknown in the industry. During the last decade much has been said and written about industrial re-organisation and rationalisation. Many industries have sought, and not a few have obtained, Government assistance by way of restrictive legislation, direct subsidy or guaranteed loan. It may be claimed that credit should be accorded to those members of the woolcombing industry who have succeeded, thus far, in putting their house in order without the aid of Parliament or of public funds.

So much for the general position and organisation of the industry. Reference may now be made to certain specific statements in the earlier article which appear inaccurately to state matters of fact, or to draw faulty deductions from them. Thus, the writer of the article stated that the funds of the Woolcombers' Mutual Association were furnished out of the surplus profits of its members, and that those in control shrewdly obtained their finance from their own customers. These statements are wholly erroneous. The Woolcombers' Mutual Association has nothing to do with prices; and its finances were provided by debentures issued on the security of the levy on production, which is payable whether a profit is earned or a loss is shown. The statement that the customer was required to provide finance for the scheme could only be inferred indirectly if the prices charged from July 1, 1933, were higher than was warranted. This, however, was not the case. The prices were fixed at an economic level, which was then competitive with Continental prices. If a commission comber, having sold his services at an economic price, decides to set aside a portion of that price for the purpose of providing funds to eliminate redundant plants, that is entirely his own affair. Thus it is quite wrong to declare that the scheme is financed by the customer.

In a reference to the machinery scrapped by the Woolcombers' Mutual Association, the writer of the earlier article said that it had been estimated that the potential output of new machinery which had been installed was equal to that of the plant already scrapped; and that commission combers were, therefore, no nearer a monopoly to-day than when the Mutual Association was formed. The facts are, however, that the productive capacity of the machinery which has been scrapped is several times greater than that of the new machinery

which has been installed since July, 1933, and that very definite progress has been made in the elimination of redundant plant. The Woolcombing Associations have endeavoured to obtain fair trading conditions for their members but they have not attempted to create a monopoly. In referring to the new combing prices of August 30th last, the writer declares that the industry can make out a good case for the advance—and this is quite true, in view of the considerable increase in production costs. The combers who have applauded this sentiment, however, will be surprised to read, a little further on, that the more commission firms "tighten the screw" now, the less wool they will receive for combing in the future. If the implication were that the advance was extortionate and unwarranted, then the commission combers, who have never applied "the screw," would take strong exception to it. Further, the argument that increased combing rates may tend to transfer an increasing share of the business of topmaking from those who have no machinery to topmaker-combers might be justified if combing charges were put at a level which was not closely related to costs. Actually, however, the respective proportions of the total tops produced in the Association for machinery-owning and non-machinery-owning topmakers during the past few years have been relatively unaltered by comparison with the preceding six years. This surely is the best justification of the prices charged.

Notes of the Week

The Mussolini-Hitler Meeting.—Externally, the Italian dictator's visit to the German dictator this week has gone off according to plan. The pageantry has been perfect, and the august visitor has duly shown himself a superman by getting a greater amount of sightseeing into a shorter space of time than any ordinary mortal could easily manage. Signor Mussolini has "done" not only Munich and Berlin, but also the German military manoeuvres and the gun foundries at Krupp's. This is all as it should be; for bustle and display are two of the strongest points of the Fascist ideology. But when we come to assess the political results of the meeting, we may find that there is as little reason for us to lament as there is for the dictators to congratulate themselves. Is Herr Hitler to hope or to fear that he has produced on Signor Mussolini the overwhelming effect of King Solomon upon the Queen of Sheba? If the Italian dictator has taken Germany's military might at its face value, may he not recoil from the prospect of playing second fiddle to so mighty a man of valour? On the other hand, if his shrewd eye has noticed the seamy side of the Third Reich, may he not hesitate to tie himself too tightly to a dubious ally? The problem of impressing his visitor to exactly the right mean degree must have given Herr Hitler a good deal of anxious thought.

Another awkward question which both host and guest have shared has been how to show adequate results for all this pomp and ceremony. For domestic consumption, each must be a man of action and not just of gestures and words. But if the meeting seemed too clearly to foreshadow further "action" in Europe, the effect might well be to consolidate Europe against the "axis." In the event the dictators have decided to roar like sucking-doves. In the toasts which were exchanged on Monday and the speeches which were made at Tuesday's public demonstration, the emphasis was all on the desire of both countries for peace, on the absence of any secret understanding for forward action, on the willingness to welcome as many additional wheels on to the Rome-Berlin "axis" as would pledge themselves to revolve in the approved direction. That the dictators have found it expedient to speak in these tones is itself significant. It is not necessarily a clear indication of what, if anything, has been decided. The

The subject of competition in the industry was discussed at some length in the earlier article. Price regulation, however, has now been in operation in commission combing since 1910 and those who have had most experience of the industry's ups and downs are convinced that its abandonment would be disastrous and suicidal. The effect of unrestricted competition would be to force rates down to such a level that commission combers could neither maintain their plants and machinery in the efficient condition essential alike in the interests of users of tops and of consumers of worsted products in peace and war, nor afford reasonable wages and working conditions. The earlier article expressed concern for the future of commission combers under the present organisation of the industry. But the abandonment of the price agreement would mean a return to chaos and the gradual extinction of the commission combers, who, as the writer recognised, are an essential part of the industry. Given the continuance of the industry's present organisation, the problems to which the earlier article referred are entirely hypothetical. The truth is that commission combers are fully alive to the importance of protecting their own and their customers' interests, and will be prepared to take all steps which new situations may warrant. They have no intention of allowing themselves to become a diminishing, much less a defunct, section of the industry, and their policy reflects their determination.

declarations that have been made commit both countries to unrelenting hostility to "Bolshevism," and they also commit Italy to support of Germany's demands for room to expand. The former might be held to cover full German support for Italy's Spanish adventure; the latter might be held to give Italian support for Germany's colonial aims. But in either case the precise degree of support is left vague. It will doubtless acquire precision as the weeks pass. In the meantime, it has yet to be proved that this outwardly impressive meeting between the two dictators has done anything to strengthen the Rome-Berlin axis. The really striking feature of international affairs during the last few days has been the effectiveness of that other European axis that turns on London and Paris.

The War in China.—Movements on land in the past week in China have been comparatively restricted. The Japanese have pushed their advance in the North as far as the capture of Paotingfu, the capital of Hopei and an important centre about 100 miles south of Peking on the railway to Hankow. They have also advanced to Tsangchow, about the same distance south of Tientsin down the railway to Pukow. But with their right and left wings in these two towns, they appear to be waiting for the centre, which has no railway transport and is hampered by the waterlogged condition of the ground, to catch up. At Shanghai there has been no decisive movement. But in the air and at sea the Japanese are pursuing a deliberate campaign of frightfulness. Nanking and Canton are the chief, but by no means the only sufferers from air-raids. Hankow and Chingyuan have also been visited. Tokyo continues to protest that Japanese airmen have strict instructions to bomb only objectives of military importance and to spare non-combatants. But not even incredibly poor marksmanship can explain what has been happening, for the attacks have been concentrated on the places where population is most dense. At sea, a German liner has picked up the survivors of a fleet of fishing junks which was callously sunk by a Japanese submarine acting in clear defiance of the rules of submarine warfare signed by Japan within the last decade. This atrocity could not be excused by any pretence of military importance, so it was merely denied, the denial extending even to the presence in those waters of the German liner, whose arrival at Hong

Kong was nevertheless reported to Lloyd's. This hypocrisy was shown up on the very next day when passengers on a British steamer were actual eye-witnesses of an attack on fishing junks by a Japanese destroyer. The officials at Tokyo are doubtless sincere in their desire to prevent such atrocities. But they are utterly powerless to restrain the Generals and Admirals who, knowing the dangers of a long war and disappointed at their slow progress, are stopping at nothing in the attempt to "beat China to her knees" quickly.

The World's Protest.—Japanese barbarism has evoked as close an approach to a world-wide unanimity of protest as this distracted planet can provide. All six of the Great Powers have made formal diplomatic protests—Great Britain, the United States and Germany through their Embassies at Tokyo, and France, Italy and Russia through their Consulates at Shanghai. The American protests, in particular, have been strong and reiterated. Whether by coincidence or not, they have been accompanied by what appears to be a modification in American policy. The recommendation to American citizens in China to evacuate the country is maintained; but it is now recognised that many of them are unable or unwilling to leave and it is declared that they will be protected. At Geneva, a resolution which solemnly condemns the acts of Japan has been unanimously adopted by the representatives of 52 nations, the majority of them insisting that Japan should be specifically named in the condemnation. In England there are all the signs of a wave of indignation such as produced such startling effects at the time of the Hoare-Laval agreement. The Archbishop of Canterbury is to preside over a protest meeting in the Albert Hall and the movement for a boycott on Japanese goods is gathering a degree of popular support which is reported to have impressed the Cabinet. The idea was publicly proposed by Sir Francis Acland in a letter to *The Times*, and the correspondence columns of that newspaper have been filled with letters from eminent persons whose political differences from Sir Francis serve merely to reinforce their agreement with his proposal. Even the Federation of British Industries, which has hitherto been a strong, almost a fervid, partisan of Japan, is uneasy, and though it shows no concern about anything but British trading interests in China, it joins in the chorus urging a stronger policy on the Government. In the United States, too, public opinion is aroused and has been shaken out of its neutrality of attitude, even though it still clings to neutrality in action. By her actions, Japan has deliberately put herself beyond the pale of civilised nations. She may find the role of outlaw dangerously uncomfortable.

Labour Party Aims.—An attempt will be made at next week's conference of the Labour Party at Bournemouth to diminish the influence of the trade

unions' block votes in executive elections. Whatever the upshot of this move by the constituency groups and the intelligentsia, it seems certain that victory will rest with the unions. Support of the arms policy, advocated by the Trades Union Congress, will be endorsed; and Left Wingers and pacifists alike will be disavowed. The first shots from the flank of the Party have been fired in the last few days by Sir Stafford Cripps and Mr Lansbury, on behalf, respectively, of the Unity Campaign and of Christian pacifism. It is well known, moreover, that Messrs Attlee, Greenwood and Morrison have only unwillingly consented to follow the lead of the majority of their parliamentary colleagues and the T.U.C. in support re-armament. These conflicts have not helped the national campaign for new voters. While a large majority of the Labour movement has belatedly agreed to support re-armament, the decision has come too late for the Opposition to share the popular favour which has accrued to the Government. The Opposition, moreover, has lost an opportunity to perform its proper political function by making constructive and critical proposals about war preparation in its social and industrial aspects. The Labour Party, overwhelmingly in favour of a constitutional programme, has never been less divided in doctrine, despite the escapades of Sir Stafford Cripps and Mr Lansbury. But it has never, in recent years, been less effective in Parliament and in the country.

Hope Renewed at Jarrow.—For two years proposals to set up steelworks at Jarrow have been obstructed and delayed. After the failure of the original scheme to establish a complete Bessemer plant, the modified plan, announced last June, to erect a plant with a capital of £1,000,000, under the auspices of the Government, the Bankers' Industrial Development Company, the Nuffield Trustees and Consett Iron Company, has regrettably hung fire. The announcement last Tuesday, however, that the Commissioner for the Special Areas has decided to acquire the dismantled site of Palmers' shipyard and steelworks for industrial development suggests that the end of delays may be near, and that the steel plant as well as other specified industrial projects may soon be realised. The tragedy is that help may come to Jarrow at a time when her workers can no longer benefit adequately from it. Long unemployment has, in many instances, wasted their skill, and unless the intensive training courses recently urged upon the Minister of Labour can be effectively set on foot, the final irony of this unhappy story may be the drafting in of labour from elsewhere.

"The Morning Post."—The purchase by Lord Camrose, some two months ago, of control of *The Morning Post* has had the sequel which was then expected. The last issue of *The Morning Post* appeared on

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Thursday, September 30th, and from the next day it has been amalgamated with *The Daily Telegraph*, of which Lord Camrose has been principal proprietor for the past ten years. The departure of *The Morning Post* leaves a gap far wider than its comparatively small circulation would suggest. It was not only the oldest of the London dailies; it had always stood for a high standard of journalistic craftsmanship. Its readership was restricted by its unpopular opinions, and its appeal to a narrow class made it somewhat of an anachronism in an age of "national" newspapers. But it was the last representative of a fine tradition, reflecting the opinions and personality of its Editor and caring for circulation only as much as was necessary to keep its head above water. It was the last example in London (though there are several still in the Provinces) of the old individualism which has been replaced by industrial mass-production. The replacement is no less inevitable in the Press than in other industries; but its effects, when they lead to the disappearance of familiar names and respected houses, are no less sad.

After Nyon.—It is reported that the Paris conference between French, British and Italian naval experts has reached agreement on the methods by which Italy is to be associated in the Mediterranean anti-piracy patrol. Officially, the discussions were of a purely technical character. Actually, of course, politics could not be kept out, and the terms of the agreement will be judged by political considerations. The previous proposal to associate Italian destroyers with the British and French patrol ships has been thrown over, and definite zones will be assigned to the three Powers. The Italian zone will embrace more than the Tyrrhenian Sea, which was all that was originally proposed. It will include the Adriatic and a zone off Libya. But until the text is published it is not possible to say whether the Italian zone will stretch right across the narrows of the Mediterranean—which for political purposes is the vital point.

These "technical" discussions form part of a wider initiative which is to be made jointly by Britain and France in the next few days, in the form of a Note inviting Italy to a three-Power conference to discuss the whole question of "intervention" and "non-intervention" in Spain. Is anything likely to come of all this? Our hopes were raised a few days ago by the apparent cordiality of the Italian response to a French initiative, when M. Delbos was having his conversations with Signor Bova-Scoppa at Geneva. It is suggested that Signor Mussolini was dreading the prospect of another winter campaign in Spain, and was prepared to withdraw—on terms. It is still not proved that this interpretation was mistaken. On the other hand, it is just as likely that Mussolini has once more been fooling us. At the moment of his visit to Germany it was obviously not to his interest to seem to have broken so completely with the Western Powers as to have no alternative to playing the part of Hitler's junior partner. Now that the visit is over we may wake up to find that Signor Bova-Scoppa's show of conciliatoriness has served its turn and has become ancient history. Signor Mussolini's references, in his parting speech in Berlin, to the Italian troops in Spain are not encouraging, and it is now reported that though he is willing to negotiate about the withdrawal of volunteers in the Non-Intervention Committee at London, he will not discuss the subject *à trois* in Rome. But if one thing is clear, it is that an Italian withdrawal from Spain is more likely to be secured by a show of Franco-British firmness and solidarity (always provided that a loophole is left for saving the dictatorial face) than by a repetition of the familiar invitation to Signor Mussolini to deceive the trusting politicians of London and Paris. Signs of this firmness are increasing; the latest is the agreement of Britain and France (and all the other members of the Non-Intervention Committee except Italy and Germany) to a resolution of the League

Assembly which declares that if the withdrawal of volunteers "cannot be obtained in the near future" they will "consider ending the policy of non-intervention."

Belgium Weathers Her Crisis.—In an unsensationally worded *communiqué* the Belgian Government announced last Saturday the important and satisfactory news that the Prime Minister, M. van Zeeland, had decided, after all, to remain in office. It was stated that, in taking this decision, M. van Zeeland had "yielded to the unanimous pleas of his colleagues," and it was added that there would be no change either in the *personnel* of the Ministry or in its programme. In other words, the difference of opinion between the Prime Minister and the Finance Minister over the administration and organisation of the National Bank has been successfully overcome. This Belgian political achievement is of more than national importance; it is also a victory for the cause of democracy in Europe. For the recent Belgian Cabinet crisis was not only serious in itself. If it had come to a head, it would have played straight into the hands of M. Degrelle, the founder and leader of the "Rexists." "Rexism" is the Belgian brand of Fascism; and every Fascist Moses in the Wilderness is all the time running a race against exposure. If he cannot quickly succeed in discrediting the targets of his attack, he is going to be discredited himself. For some time past this fate has been hanging over the head of Degrelle. But Hitler's history shows how easy it is for a political adventurer to snatch victory out of the jaws of defeat. And for a moment it seemed that the difference of opinion in the bosom of the Belgian Cabinet might give the would-be Belgian Hitler a chance of attaining his object at the eleventh hour. From Degrelle's point of view the substance, as well as the fact, of the late Cabinet crisis was singularly opportune; for one of the main planks in the Rexist platform has been a general accusation of financial corruption in high places. As far as M. van Zeeland is concerned, the charge has now been rebutted, and the Prime Minister is remaining in office. This is all very disappointing for "Rex."

Hungary and the Little Entente.—Considerable progress has been made in recent weeks in the negotiations which are aimed at a *rapprochement* between Hungary and the States of the Little Entente. Indeed, at one time, it looked as if an understanding would be come to during the meeting of the Assembly at Geneva, and though this has had to be postponed there is no reason to believe that the discussions have run on to any unexpected reefs. The two chief difficulties were the questions of Hungarian re-armament and of minorities. The former has been settled with an agreement by the Little Entente to remove its ban on Hungarian re-armament in return for a pledge that the new armaments would not be directed against any of the Little Entente States. The minorities problem is more difficult. But here, also, the major obstacle has been surmounted by Hungary's willingness to demand no more for her minorities in the Little Entente States than she is willing herself to grant to the Slovaks, Roumanians and Croats within her own borders. For Prague and Belgrade this would be enough; but Roumania is at the moment passing through a phase of hostility to minorities, especially to the Jews and Hungarians in her borders, and further negotiations will be necessary. So much progress has been made, however, that the attainment of so desirable an object as reconciliation between Hungary and her hitherto irreconcilable neighbours is most unlikely to be prevented by the attitude of one of the Little Entente Powers to one of the subjects under discussion. There is a good prospect also of widening the new understanding to include Austria, which is politically disturbed by the Rome-Berlin axis, and economically disappointed with the results of the Rome Protocols. Discussions, with some appearance of urgency, have been held this week between Dr von Schuschnigg and M. Hodza, and though it is announced that only economic matters were dis-

cussed, the open disapproval of Berlin shows how clearly it is realised by Germany that in the Danube Basin political accord is not only dependent upon, but is also the inevitable sequel of, an economic understanding.

Palestine and the Gunman.—The Political Commission of the Assembly of the League of Nations has adopted, for reference to the Assembly itself, a vaguely optimistic resolution on the future of Palestine. The British Government is to have authority to proceed with its discussions, taking the Royal Commission's plan as a starting-point, but it will not have gained much encouragement or constructive assistance from the Geneva debates. The Near Eastern countries all expressed vehement opposition to partition as an injustice to the Arabs. They found an ally in Mr de Valera, who, arguing from the Irish analogy, denounced partition in principle as the greatest wrong that could be done to a people. It may, perhaps, be doubted whether he would feel so bitterly about the matter if the alternative prospect in Ireland were the influx of Protestant Scotsmen until the North had a majority. And at other points, also, the analogy fails. Nevertheless, in some ways, it is apt, and one, unhappily, seems to be the shadow of the gunman. The murder of Mr Andrews and P. C. McEwan is wholly abominable, and is bound to recoil on the heads, both of those who covertly or openly foment lawless agitation and of those who connive at it. For its effect will be to increase the reluctance of some sections of British public opinion to grant self-government in a country where the gunman still resides.

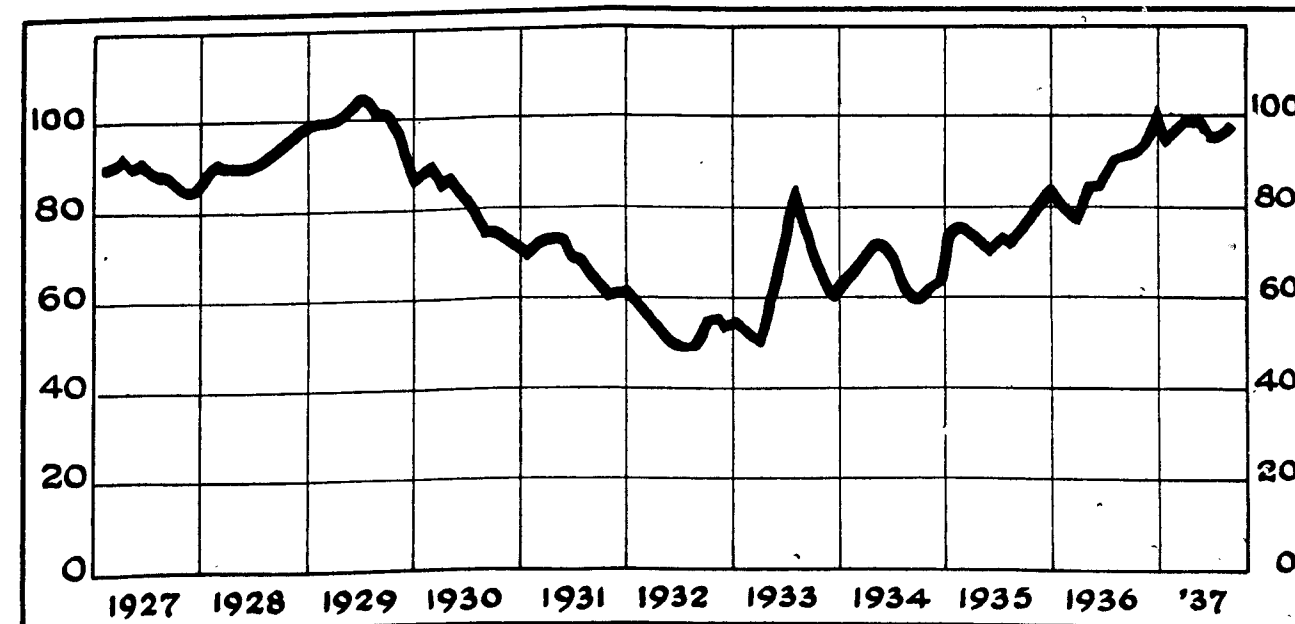
New Zealand's Budget.—The New Zealand Labour Government continues to conform to financial rectitude by budgeting for a surplus. But the trend of its policy appears plainly from the fact that expenditure for 1937-38 is reckoned at £34,728,000, compared with an estimate of £31,054,000 for 1936-37. Moreover, estimates for public works expenditure, at £17,367,000, are up by nearly £7,000,000. They are to be financed largely from capital resources under Government control, such as post office savings bank reserves—an instalment of what has come to be known in New Zealand as "costless credit," of which Mr Nash hints at further and stronger doses, if necessary. In brief the Government is making hay while the economic sun

shines. Taxation is not increased, the new ordinary expenditure being financed from the buoyancy of the revenue. It includes £2,255,000 more for social services, £349,000 more for education, and £585,000 more for defence. The unemployment relief fund, separately financed by a special levy, is already self-balancing.

Industrial Activity in the U.S.A.—Does the sharp break of security prices on the New York Stock Exchange last month herald a cyclical downswing of business activity or does it merely indicate a temporary lull in the progress of American recovery? As these questions are now widely debated on both sides of the Atlantic, we have prepared the diagram at the foot of this page to indicate the trend of industrial production in the United States over the past ten years. The diagram is based on the monthly index of industrial production calculated by the Federal Reserve Board and published regularly in the *Federal Reserve Bulletin*. The index is adjusted for seasonal variations in activity. Despite the marked expansion of industrial production since 1932, activity in the United States has barely recovered to the pre-depression level. Moreover, as the population of the United States has risen by about 6½ per cent. since the onset of the last slump, current production per head is still well below the 1929 level. In contrast, British industrial production in April-June, as measured by the Board of Trade index, was about 25 per cent. higher than in the pre-depression year. There has been a lull in American recovery since the end of last year. A similar pause occurred in this country in 1934. The index for August, the last month shown on the diagram, reflects some improvement, but the latest reports suggest that the resumption of the upward trend may be delayed. Costs have been rising rapidly and have cut into the profit-margins of the railways and other industries, which were expected to finance a further expansion in capital investments. Moreover, the sharp advance in building costs since last year has prevented residential construction from going ahead as anticipated. There is evidence, in fact, that cost and selling price relationships have been thrown to some extent out of gear. But there is nothing which suggests that this maladjustment is necessarily the prelude to another slump.

Industry and the Raw Materials Slump.—The persistent fall in the prices of imported raw materials has prompted buyers of finished goods in certain industries to hold off the market in the hope of being able to cover

INDUSTRIAL PRODUCTION IN THE UNITED STATES
(1929=100)



THE REVENUE

I.—An ACCOUNT of the TOTAL REVENUE of the UNITED KINGDOM, in the undermentioned periods of the Year ending March 31, 1938, as compared with the corresponding periods of the preceding year.

	Estimate for the Year 1937-38	Quarter from July 1 to September 30, 1937, compared with the corresponding Quarter of the preceding Year				Period from April 1, 1937, to September 30, 1937, compared with the corresponding Period of the preceding Year			
		Quarter ending Sept. 30, 1936	Quarter ending Sept. 30, 1937	Increase	Decrease	Period ending Sept. 30, 1936	Period ending Sept. 30, 1937	Increase	Decrease
Ordinary Revenue									
Inland Revenue—									
Income Tax	288,150,000	36,554,000	41,523,000	4,969,000	...	47,149,000	54,333,000	7,184,000	...
Sur-Tax	58,000,000	1,740,000	1,800,000	60,000	...	5,900,000	6,710,000	810,000	...
Estate, etc., duties	89,000,000	21,280,000	22,920,000	1,640,000	...	42,110,000	47,020,000	4,910,000	...
Stamps	29,000,000	6,530,000	5,980,000	...	870,000	10,420,000	10,100,000	...	320,000
Other Inland Revenue Duties	1,500,000	40,000	60,000	20,000	...	130,000	150,000	20,000	...
National Defence Contribution	2,000,000	...	...	...	...	...	...	...	...
Total Inland Revenue	467,650,000	66,124,000	71,963,000	6,709,000	870,000	105,709,000	118,313,000	12,924,000	320,000
Customs and Excise—									
Customs	219,850,000	54,486,000	56,341,000	1,855,000	...	104,306,000	111,063,000	6,757,000	...
Excise	113,150,000	26,800,000	28,400,000	1,600,000	...	51,900,000	55,100,000	3,200,000	...
Total Customs and Excise	333,000,000	81,286,000	84,741,000	3,455,000	...	156,206,000	166,163,000	9,957,000	...
Motor Vehicle Duties	34,000,000	3,753,000*	3,926,000	173,000	...	8,373,000	8,609,000	236,000	...
Post Office (Net receipt)	11,800,000	2,200,000	1,230,000	...	970,000	6,050,000	5,660,000	...	390,000
Crown Lands	1,350,000	340,000	380,000	40,000	...	630,000	640,000	10,000	...
Receipts from Sundry Loans	4,300,000	2,548,588	3,042,943	494,355	...	2,917,968	3,404,854	486,886	...
Miscellaneous Receipts	11,000,000	10,513,471	4,765,479	...	5,747,992	12,269,747	6,071,891	...	6,197,856
Total Ordinary Revenue	863,100,000	166,765,059	170,048,422	10,871,355	7,587,992	292,155,715	308,861,745	23,613,886	6,907,856
				£3,283,363 Net Increase				£16,706,030 Net Increase	
Self-Balancing Revenue									
Post Office (Revenue required to meet expenditure on Post Office and Broadcasting)	75,198,000	18,600,000	19,470,000	870,000	...	33,300,000	35,890,000	2,590,000	...
Total	938,298,000	185,365,059	189,518,422	11,741,355	7,587,992	325,455,715	344,751,745	26,203,886	6,907,856
				£4,153,363 Net Increase				£19,296,030 Net Increase	

* Motor Vehicle Duties apportioned to Road Fund treated as Self-Balancing in 1936-37 now added to Revenue figures for purpose of comparison.

II.—An ACCOUNT showing the RECEIPTS into and ISSUES out of the EXCHEQUER in the Period ending September 30, 1937, as compared with the corresponding period of the preceding year.

RECEIPTS	Estimate for the year 1937-38	Period ending Sept. 30, 1936	Period ending Sept. 30, 1937	ISSUES	Estimate for the year 1937-38	Period ending Sept. 30, 1936	Period ending Sept. 30, 1937
Ordinary Revenue, as shown in Account I	863,100,000	292,155,715	308,861,745	Ordinary Expenditure	224,000,000	105,242,504	108,088,647
Self-Balancing Revenue as shown in Account I	75,198,000	33,300,000	35,890,000	Interest and Management of National Debt	8,000,000	2,983,770	3,416,307
				Payments to Northern Ireland Exchequer	3,200,000	1,196,082	1,665,094
				Other Consolidated Fund Services	300,000	...	...
Total Revenue		325,455,715	344,751,745	Total	235,500,000	109,362,326	113,170,048
Temporary Advances Repaid—				Supply Services—			
Road Fund	...	...	...	Army, Navy and Air Votes	198,268,000†	78,650,000	104,600,000
Money Raised by Creation of Debt—				Civil and Revenue Votes (excluding Post Office and Broadcasting)	429,080,000‡	184,535,679§	189,827,747
(a) For Capital Expenditure Issues—				Total, Supply Services (excluding Post Office and Broadcasting)	627,348,000	263,185,679	294,227,747
Under the Post Office and Telegraph (Money) Act, 1935	6,200,000	7,450,000	...	Total Ordinary Expenditure	862,848,000	372,548,005	407,397,795
(b) For other Issues—				Self-Balancing Expenditure—			
By Treasury Bills	1,368,687,000	2,048,753,000	...	Post Office Vote and Vote for Broadcasting	75,198,000	33,300,000	35,890,000
By National Savings Certificates	12,150,000	11,100,000	...	Total Expenditure	405,848,005	443,287,795	...
By 2½ per Cent. Funding Loan, 1956-61	71,700,015	...	...	Temporary Advances—			
By 2½ per Cent. National Defence Bonds, 1944-48	...	99,660,148	...	Road Fund, under Section 27 of the Finance Act, 1928	1,619,000	...	...
(c) Ways and Means Advances	722,885,000	881,765,000	...	Issues to meet Capital Expenditure—			
Repayments—				Under the Post Office and Telegraph (Money) Act, 1935	6,200,000	7,450,000	...
In respect of Issues under Land Settlement (Facilities) Acts, 1919 and 1921	69,244	70,415	...	Redemption of Debt—			
In respect of Issues under Section 26 of the Tithe Act, 1936	...	465,000	...	Treasury Bills paid off	1,779,125,000	1,824,270,000	...
				Principal of National Savings Certificates paid off	13,500,000	14,200,000	...
				Principal of National Savings Bonds paid off	52,402	85,640	...
				Principal of Treasury Bonds paid off	42,000,000	...	42,500
				Other Debt under the War Loan Acts, 1914 to 1919	...	...	...
				Ways and Means Advances Repaid	731,190,000	896,890,000	...
				New Sinking Fund (1928) (Finance Acts, 1928 and 1937)	4,905,741	5,063,341	...
				Issues under Section 1 (i) of the North Atlantic Shipping Act, 1934	370,772	...	...
				Issues under Section 4 (3) of the British Shipping (Assistance) Act, 1935	1,079,840	...	2,907,000
				Issues under Section 26 (i) of the Tithe Act, 1936	...	...	200,000,000
				Issues under the Exchange Equalisation Account Act, 1937	...	...	...
				Old Sinking Fund, 1907-08	...	...	...
				Issues under Section 9 of the Finance Act, 1908	...	...	9,400
Balances in Exchequer on April 1st	1936	1937		Balances in Exchequer—	Sept. 30, 1936	Sept. 30, 1937	
Bank of England	2,119,161	2,016,573		Bank of England	23,124,443	2,080,805	
Bank of Ireland	611,217	683,749		Bank of Ireland	862,149	429,149	
					23,986,592	2,509,954	
					3,009,877,352	3,396,715,630	

Treasury, September 30, 1937.

Mem.—

Floating Debt, outstanding March 31, 1937

	Sept. 30, 1936	Sept. 30, 1937
Ways and Means Advances outstanding:—		
Advances by Bank of England	10,750,000	8,410,000
" " Public Departments	852,705,000	899,095,000
Treasury Bills outstanding	863,455,000	907,505,000
Total Floating Debt outstanding	863,455,000	907,505,000
Net Increase	...	209,375,000

† Included £68,000 the proceeds of which were not carried to the Exchequer within the period of the account.

‡ Excluding £80,000,000 estimated to be met from borrowed moneys under the Defence Loans Act, 1937.

§ Including margin for Civil Supplementary Estimates.

|| Motor Vehicle Duties apportioned to Road Fund treated as Self-Balancing in 1936-1937 now added to Expenditure figures for purpose of comparison.

their requirements later at lower prices. This tendency is particularly noticeable in the cotton industry. The price of American cotton fell from 5.58d. per lb. on September 8th to 5.24d. on September 22nd and 4.96d. last Wednesday. The decline in raw wool prices at the recent London auctions appears to have had a similar effect on the Yorkshire wool textile industry. On the other hand, the break in quotations for non-ferrous metals has had little effect on the consuming industries in this country. Iron and steel, engineering and ship-building industries are as active as ever. Incidentally, an official survey shows that about 20 per cent. of the current output of finished steel is absorbed in the manufacture of armaments, such as warships, guns and munitions, and equipment, such as aeroplane hangars, dockyard cranes and shadow factories. But the stringency in certain trades is growing less acute owing to the increase in home production and imports. The extent of this week's slump in non-ferrous metal prices is revealed by the fact that Wednesday's quotations for copper and tin, at £47 16s. 3d. and £246 5s. per ton, show a fall of £4 7s. 6d. and £14 15s. per ton respectively.

In contrast to the fall in prices of many imported raw materials, quotations for domestic materials, such as coal, remain firm. The output of coal is still expanding, having risen from 4,550,100 tons in the week ended September 11th to 4,860,400 tons during the following week, against 4,466,200 tons during the corresponding period a year ago. The striking improvement in Welsh exports is reflected in last week's shipments of 435,400 tons, compared with 299,267 tons a year ago. But our Glasgow correspondent's report, given on page 49, indicates a lull in inquiry from abroad, due to the fact that many Continental buyers are now carrying substantial stocks. Reports from other branches of activity are generally encouraging. Moreover, the value of retail trade continues to expand, but in August the increase over the corresponding month's figure in 1936, at 6.7 per cent., was below the average of 8.0 per cent. recorded between February and August. It is significant that the increase in stocks, which hitherto has lagged considerably behind the increase in turnover, was almost equal to it in August. In general, however, the outlook for business during the next few weeks remains promising.

Denmark's New Bridge.—Last Sunday, September 26th, King Christian of Denmark officially opened the new bridge over the Storstrom, with whose construction Great Britain has been closely connected. The British guests at the opening ceremony included the President of the Board of Trade, and the Minister of Transport. The bridge, which is over two miles long, and has a navigation clearance of eighty-five feet above sea level, is by far the longest in Europe. To produce this enduring tribute to the skill of modern engineers, two firms have collaborated; for Dorman Long are responsible for the steel superstructure, while the Danish firm of Christiani and Nielsen has put up the foundations and carried out all the concrete work. The construction, which cost over £1,500,000, has been partially financed by a sterling 4½ per cent. loan of £1,000,000, which was floated by the Danish Government in London in 1933, and to-day stands over par. Henceforth the bridge will be the most important physical link between Denmark and the Continent. Her Government and people may be congratulated on a thoroughly constructive achievement.

graduates training in business management; and to provide students, already experienced in business and seconded by employers for a year's course, with instruction in the principles of their practice. Any scheme to enable business firms to make the best use of educated people is worthy of support. Any plan to increase technical efficiency by reducing rule of thumb methods to a minimum is of national importance. So long as the extravagances of the less happy side of American experience are avoided, and so long as no attempt is made to impose academic status and the dignity of science on mere office routine, the department will be a national asset. The location of the department at the London School of Economics ensures a sound basis of economic science for its teaching, and there is little risk that its necessarily vocational character will be allowed to dilute academic standards in university education. A generous response to the appeal would be a sound investment, both for individual business men and the community.

Six Months' Revenue.—The returns of revenue and expenditure for the six months ended September 30th follow the pattern foreshadowed at the time of the Budget; rising revenue is swamped by rising expenditure. On the revenue side, however, there are signs that the estimates for the year will be exceeded, while the rate of expenditure is not yet up to the level for which provision was made. It is possible, therefore, that, if present tendencies continue, the deficit on the year's working will be less than was expected. But all such prophecies are vain, since the final outcome depends entirely on the yield of taxation in the crucial fourth quarter of the financial year. Over the year as a whole, an increased yield from income tax of £30 millions was expected. Although less than a fifth has been collected, the increase in comparison with last year is already over £7 millions. There is also a surprisingly large increase of nearly £5 millions in the collection of death duties, from which no more was expected this year than last. Stamps are slightly down, reflecting the change that has come over the Stock Exchange since (some would say because of) the Budget. Customs and Excise, expected to yield £12.3 millions more in the full year, have produced an increase of almost £10 millions in six months—further evidence of the welcome revival in foreign trade and maintenance of domestic purchasing power. On the side of expenditure, the service of the national debt has cost nearly £3 millions more. Expenditure on the defence forces has been £26 millions higher than in the first half of last year. But an increase of £92 millions was expected over the full year. The expenditure in the six months just finished was, in fact, slightly less than in the six months immediately preceding, and there is clearly room for a very rapid acceleration of expenditure before the estimates are realised. On the other Supply Services, where an increase of more than £20 millions was budgeted for, the actual expenditure, after adjustment for the incorporation of the previously self-balancing expenditure of the Road Fund, is down by £2 millions. Thus the indications are favourable on both sides of the account. If it were not for the burden of re-armament, the country could congratulate itself.

THE BRITISH LINEN BANK

Incorporated by Royal Charter, 1746

Head Office: 38 St. Andrew Square, Edinburgh

OVER 210 BRANCHES IN SCOTLAND

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FOOD STORAGE FOR DEFENCE

LAST December the Government, in response to expressions of anxiety both in Parliament and the Press as to our food situation in time of war, created a new Food (Defence Plans) Department of the Board of Trade. As the responsibility for home production remains with the Ministry of Agriculture, a large part of the work of this new Department must be to consider whether the proposal for food storage on a large scale, which has recently attracted considerable attention, should be adopted, and, if so, to frame a scheme specifying the precise method and the quantities of different food stocks to be stored. The second part of the task involves many intricate factors, but as recently as July 27th Sir Thomas Inskip indicated that the main principle of food storage was still under consideration, and it is surely high time that this at least should be decided. It may be worth while, therefore, to discuss the reasons for the main proposal and the conditions of a good scheme.

Food storage is, of course, not proposed as an alternative to naval strength. No practicable provision of stocks, combined with an increase of home production, would enable us to carry on a long war without supplementing our home resources by imports. The size of our population, and the way in which our whole national economy has developed during the last century, preclude us from making that the goal of our policy. We need security against blockade in any case.

In the last war, however, our command of the sea was as complete as we can ever hope that it will be; nevertheless we were in serious danger through a shortage of ships and their destruction by submarine attack. And against this kind of danger it is possible to adopt further safeguards than we now possess.

At present our position is no better, and in some respects worse, than in 1914.

We have four million more people to feed; our merchant ships are fewer; and to the submarine menace has been added that of the aeroplane. Our home production, taking all forms of food into consideration, only meets about a quarter of our needs and is itself dependent upon imports of feeding stuffs and fertilisers to an extent which leaves its net contribution very small indeed; and our current stocks are very small, ranging from an average of a few weeks to about three months.

In the last war the prospect of starvation resulting from the absence of any reserves, especially of wheat, was so serious that, in spite of the extreme difficulty of transport, we were compelled actually to increase wheat stocks, during the war by importing beyond our current consumption. The shortage of shipping, thus aggravated, threatened all our supply programmes, and might at one period have led to panic decisions affecting the whole issue of the war.

In these circumstances the case for food storage is very strong. There is no real alternative. No increase in our naval or air forces can assure us against at least as much interference with our supplies as we suffered before. We shall indeed be optimistic if we assume that we should be able to import as much in another war. Apart from aeroplane attack near or at the ports (which probably more than offsets any improvements in our defence against submarines), we may in some cases have to choose longer routes for our shipping. Even in the last

war, for example, the danger to the merchant ship in the Mediterranean was at one period so great that it seemed better to send ships from India and the East round the Cape. We may well have, in future, to resort to the longer route for all through traffic.

Limits of Home Production

Nor can we expect any substantial help from increased home production. Lord Astor pointed out in July, 1936, that it had cost us £7 millions a year to increase our wheat production from 16 per cent. to 24 per cent., a mere 8 per cent., of our consumption. These figures are now out of date, since the wheat levy automatically falls or disappears with the increase in world prices. But it is evident that the expense of securing more than about 30 per cent. of the wheat we need by home production would be altogether prohibitive. The recent scheme for increasing soil fertility represents a more promising line of advance. It might be a real help in a long war if we "plough up" on a large scale. But the fruits of such a policy could not be gathered until eight or nine months after the outbreak, even if the date was favourable; probably it would be fifteen or eighteen months before results could be maximised, and even then they would be of limited dimensions. At the best we need considerable stocks to bridge the gap.

When we turn to meat, we find home-bred cattle and pigs make only a very small and doubtful contribution to our war problem, for the simple reason that they soon consume their own food value in imported feeding stuffs, though the present experiments in regard to grass may somewhat improve this position in future.

An incident from the last war will serve to illustrate this point. I was then engaged in the control of ship-

ping, and was suddenly faced with a demand for increased transport for maize because the Government had started a pig-breeding scheme. I was forced to refuse the ships, because less tonnage was required to bring in the pig ready for consumption as pork or bacon than to import the maize needed to convert the young pig into the mature pig. The Government scheme, designed to relieve our food situation, was in fact worse than useless and had to be stopped. This is not to say that our cattle and pigs are in no sense an asset. "Meat on the hoof" is a form of storage which could be drawn on if we are prepared to kill off on a very large scale. So long, however, as the animal remains alive, during a war, he represents an extremely wasteful form of storage. If we are to regard our cattle and pigs as provision for war, it is essential that there should be a definite and detailed scheme, prepared now and approved for immediate application on the outbreak, for systematic slaughtering on such a scale as to reduce the livestock substantially and dispense with the necessity of meat imports except for the armed forces abroad.

Stocks and Consumption

The extent of the need for storage of food, and in some degree the character of the scheme, will be suggested by a consideration in turn of the situation as regards our principal foodstuffs.

The restoration of the national defences, as is obvious but frequently forgotten, comprises more than the re-expansion of the Navy, the Army and the Air Force. There is a vital fourth department of any comprehensive defence programme—the Home Front.

This special study of one of the most pressing problems of the Home Front has been written by Sir Arthur Salter, K.C.B., M.P., whose experience during the last war as Director of Ship Requisitioning and Chairman of the Allied Maritime Transport Executive, lends particular authority to his views on the subject.

Sir Arthur Salter is not responsible for the illustrative statistics and diagrams.

As regards *wheat* we are dependent upon imports for more than three-quarters of what we consume. The Government, speaking through the Lord Chancellor in the House of Lords in July, 1936, and later through the then Mr Runciman in the House of Commons, has stated the average supply to be about three months. But this is an *average* estimate; the supply falls at times below that level. It includes an estimate of wheat assumed to be in the hands of a large number of bakers, that is, stocks which are not exactly known and would not be easily available for rationed distribution in case of acute shortage. Most of it is stored at or near the docks (London, Hull or Liverpool) and might be partially immobilised by air attack. Sir Samuel Hoare, in June, 1936, when First Lord of the Admiralty, said that our normal stocks of food supplies are only for six weeks. In this he was not really accurate—he was overstraining his argument in putting the case for an increase in naval strength. But it is perhaps true to say that we are normally, or at least frequently, within six weeks' *wheat* consumption of the point at which a Government would be compelled, by the prospect of starvation, to capitulate—for this point would be reached some time before all food had been actually consumed. It must also be remembered that we should need wheat in a greater proportion to other foodstuffs than is represented in normal consumption. The success of our rationing in the last war largely depended upon the fact that we did not extend it to bread, which remained as the safety-valve of the system. But if bread goes short, the prospect of starvation, or of such popular discontent from privation as to have important political consequences, can never be very far away.

It is possible to economise by making a loaf of a rather different composition, which incidentally secures some further economy in consumption because the bread, while giving equal sustenance, is less palatable. Further than that it is dangerous to go. Any food storage must therefore give primary importance to wheat—or its equivalent (a qualification which will be discussed a little later).

Fats are of almost equal importance. In this country the principal consumption is in the form of butter, margarine, and lard, the quantities in 1934-35 averaging 529,000 tons, 169,000 tons and 200,000 tons respectively. Of this only about 10 per cent. of the butter and lard is produced in this country, and though we manufacture margarine here the industry draws all its raw materials from overseas. Stocks are very small; those of butter fall to about two weeks in the winter and lard and margarine stocks scarcely exist at all. Margarine is made of whale oil and vegetable oils. The principal store of the former is on the Continent (mainly in Holland and Norway), so that it would be unlikely to be available in war. Vegetable oils are obtained

from imported oil seeds and such stocks as there are (and they are certainly small) are mainly at the ports. We should probably be optimistic if we put the home stocks for butter, margarine and lard at, say, three weeks' consumption.

In *meat*, we should be in a better position, except for the all-important fact already mentioned that our cattle depend on imported feeding stuffs. We get about half the meat we consume from home-rearing. About half, including bacon, poultry and rabbits, is imported. Of this only frozen beef and frozen mutton and lamb can be stored for any length of time. Chilled meat and bacon go at once into consumption. Even of frozen meat the stocks are very small. The Lord Chancellor stated in July, 1936, that "there is not at any moment a very large quantity of frozen meat in storage in this country"—perhaps a fortnight's supply would be a reasonable estimate.

Fish consumption amounts to nearly one-third of all meat; and about 90 per cent. of it is home produced. It is very doubtful, however, how far we could rely upon the continuance of supplies, since trawlers would be largely drawn on for naval purposes and those left to continue their fishing might be subject to serious interruption; there are practically no stocks.

FOOD CONSUMPTION AND HOME PRODUCTION, 1909-13* AND 1934-35

	Home Production		Retained Imports		Total Quantities available for Consumption	
	000 tons		000 tons		000 tons	
	1909-13	1934-5	1909-13	1934-5	1909-13	1934-5
Wheat†	1,148	694	4,764	5,129	5,912	5,823
Beef and veal	807	635	483	566	1,290	1,201
Mutton and lamb	326	255	262	339	588	594
Pigmeat	398	370	308	461	706	831
Total meat	1,590	1,367	1,053	1,518	2,643	2,885
Poultry, eggs, game & rabbits	230	398	159	209	389	607
Fish	704	838	131	115	835	953
Milk and cream	4,429	4,375	...	99	4,429	4,474
Butter	112	53	204	476	316	529
Cheese	30	63	115	140	145	203
Total dairy produce‡	4,630	4,510	520	1,065	5,150	5,575
Fruit	336§	550	915	1,882	1,251§	2,432
Potatoes	3,925§	4,500	258	129	4,183§	4,629
Sugar¶	...	530	1,501	1,368	1,501	1,898

* The figures for 1909-13 include Southern Ireland.

† Includes flour in terms of crude wheat.

‡ Includes lard and margarine.

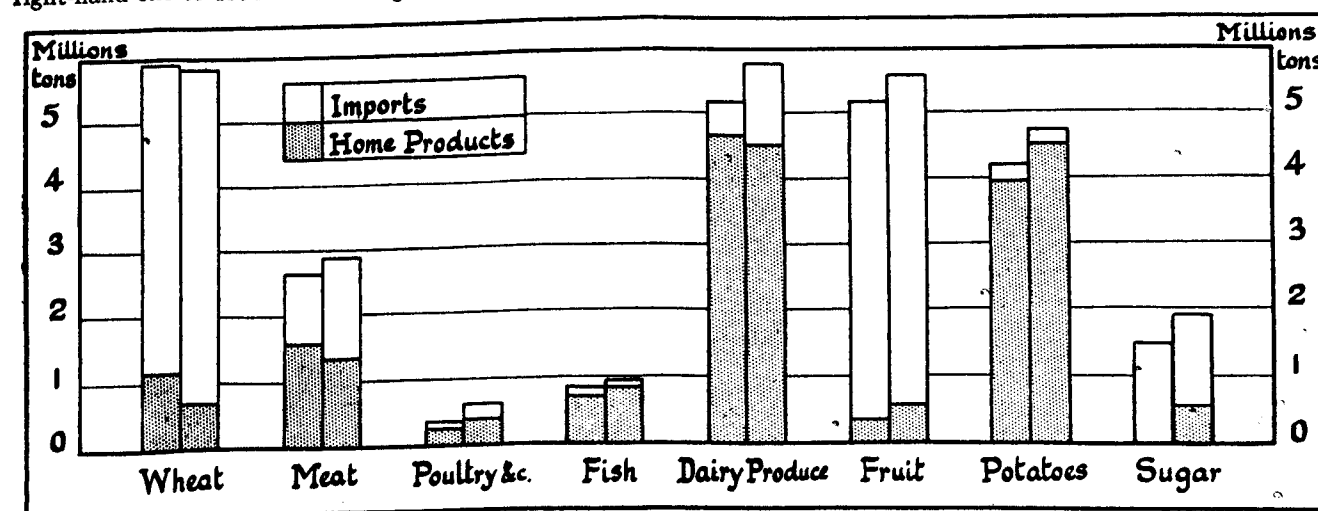
§ These figures take no account of cottage produce.

¶ In terms of refined sugar.

The figures for 1909-13 are based on the report of a committee of the Royal Society on "The Food Supply of the U.K., 1917, and those for 1934-5 on estimates of the Market Supply Committee published in the first report of the Advisory Committee on Nutrition, 1937.

FOOD CONSUMPTION AND HOME PRODUCTION

This diagram shows the pre-war and post-war consumption of certain foodstuffs, and the proportion of each derived from imports and from home production. Of each pair of rectangles, the left-hand one relates to the average of 1909-13, the right-hand one to 1934-35. The figures are in the adjoining table.



Eggs in shell are produced at home to the extent of about 60 per cent. Production is, however, largely dependent upon imported feeding stuffs and is highly seasonal. There is hardly any storage.

Of sugar we still import 75 per cent. in spite of the extravagant price we have paid, altogether out of proportion to the results secured, in order to encourage beet-growing. No figures of stocks are available, but they are apparently quite small. We were at one time reduced to almost a week in the last war. Sugar has especial importance, because it is still cheap, can be easily stored for long periods, and, as we shall see, can, up to a point, be regarded as an equivalent to wheat.

Only in potatoes—or perhaps onions should be added—do we produce the main bulk of what we need without having to import an almost equivalent quantity of feeding stuffs or fertilisers as the condition of doing so.

The general need of additional stocks has perhaps been sufficiently demonstrated by this summary of our present position. The choice of a precise scheme, however, includes a careful consideration of a number of other factors.

Wheat Storage

It is tempting to simplify the problem by putting it in terms of our principal import, wheat, and to concentrate upon the provision of, say, "a year's wheat supplies." Two years ago a number of experts, led by Lord Astor and Mr Seeböhm Rowntree, made an inquiry into the general agricultural problem and published the results in "The Agricultural Dilemma."

"If we put our annual consumption of wheat," they reported, "at £40 millions and the costs of storage at 6 per cent. per annum, the cost of storing a year's supply of wheat would amount to £2½ millions a year, a moderate sum if the object is vital. Yet if this reserve were drawn on to the extent of one quarter in each year of war, it would enable us to sustain a four years' war while adding to our available supplies more than would be added by a doubling of our annual home production. . . . To double our annual production of wheat would be so costly as to be quite impracticable."

This is an obviously very attractive proposal at first sight. If we had a year's supply of wheat in hand, we should have a margin of ships with which we could secure the imports of other foods, and we could also economise by rationing such foods, knowing that freely obtainable bread remained as a safety valve. Till recently we could have bought the wheat cheaply, and incidentally made a very profitable investment and

assisted the general world grain position. It is tantalising to reflect on the opportunities that have been lost.

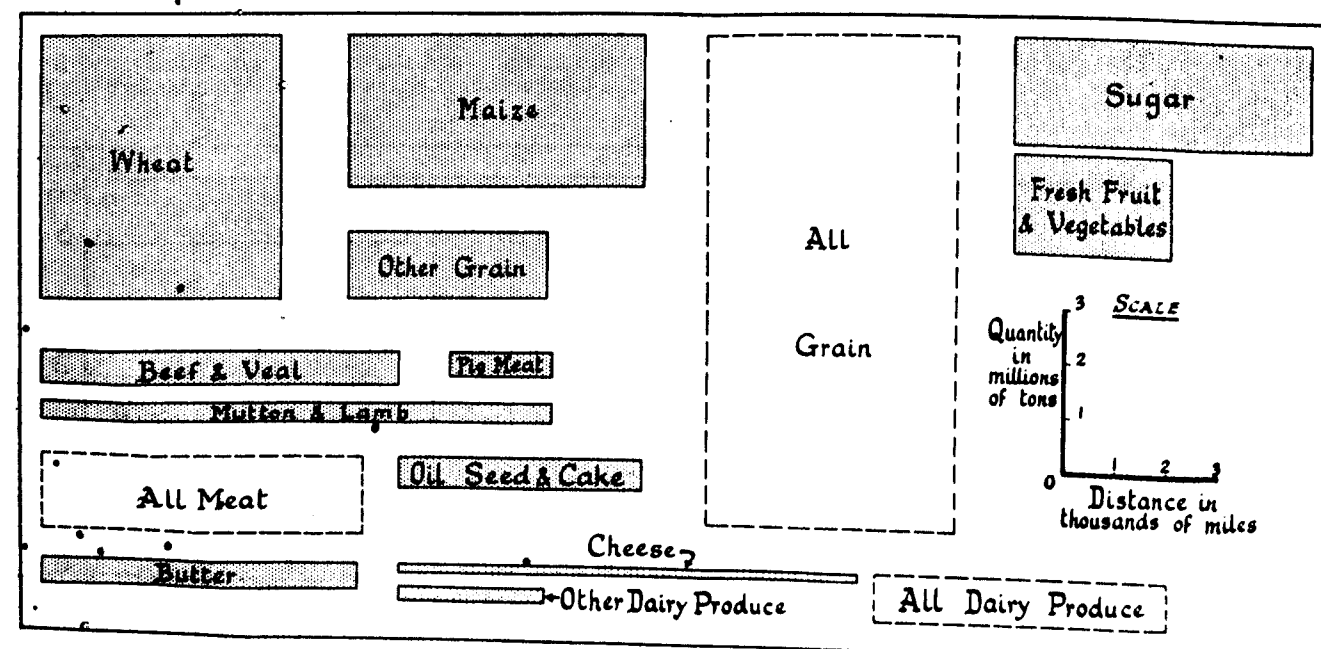
The situation has now changed, however. We may still take a year's wheat supply as giving the general measure of the amount of foodstuffs to aim at. But our stocks certainly should not consist wholly of wheat. We must largely store other forms of food; and even if we have war bread mainly in mind we must secure it by providing what can be treated as the equivalent for wheat and not solely wheat itself. Wheat prices are now high, and to attempt to purchase quickly anything like a year's supply would not only be extremely expensive, it would dislocate the whole wheat market. In purchasing wheat, we shall have to go cautiously. We must look for equivalents.

Interchangeability of Shipping

In doing so we bear in mind the fundamental conditions of our problem. We must assume the continuance, but a reduction, of imports as resulting from war conditions. The primary factor, in that case, is the interchangeability of shipping for almost any purposes. A ship engaged to carry sugar can be diverted to wheat; or from either to coal. Even where the substitution is not so direct, the same result can be achieved at two or three removes. Generally speaking, and with unimportant qualifications, it is true to say that from the point of view of anyone in general control of merchant shipping, an economy in the need for transport of any commodity can be made to increase the transport of any other. One conclusion, and a very helpful one, follows at once. We need not aim at an equally balanced scheme of storage giving about the same proportion to consumption of every essential foodstuff. We can, within wide limits, store what can be most conveniently obtained and best stored, and treat it as an equivalent to a stock of the rest. If, for example, on this principle, we store more than the normal proportion of sugar, because it is cheap and stores well, we can treat it as an equivalent to wheat, because sugar tonnage can be at once and as a whole diverted to wheat on the outbreak of war. The next main factor to consider in dealing with wheat, and where and how to store it, is vulnerability. It will not do to increase stocks at the ports. We must not concentrate on large storehouses at important railway centres. We need "dispersed inland storage"; in buildings so situated and so constructed as to reduce vulnerability to a minimum, while still being convenient (with the new facilities now available by road transport) for distribution to the main cities.

SHIPPING REQUIREMENTS OF BRITISH FOOD IMPORTS

This diagram has been drawn to show the demands made on shipping by the main items of the United Kingdom's imports of food and feeding stuffs in 1934-5. These demands are a function, in part of the tonnage of food to be carried, in part of the distance over which it has to be carried. Accordingly, in the diagram, the vertical edges of the rectangles are proportionate to tonnage imported into the United Kingdom. The horizontal edges show the approximate average distance over which each commodity was shipped. The area of each rectangle therefore approximately represents the amount of shipping required.



With these considerations in mind, I think that we should store wheat or wheat flour; sugar, less in total quantity but much more in proportion to our consumption; and certain forms of fat and the raw materials required for the manufacture of margarine. The reasons for this proposal as regards sugar have just been given, and the danger of being cut off at once from some of the principal sources of our fats (apart from the grave shortage of shipping) suggest that they too should be stored. The suggestion that flour should be stored, to a certain extent, in place of wheat needs some further explanation. In recent years a great number of country mills have closed down, and a large proportion of England's milling is now done at or near the ports, which must be regarded as specially vulnerable. If, however, for the sake of security, we store foreign wheat to a large extent in small granaries in districts unlikely to be attacked, we may find that we have then to transport to and from a port for milling. In addition flour

Thomas Inskip made a statement last February which suggested that it was on this rock that the scheme might founder. "If anybody reflects," he said, "on the cost of buying—as suggested by Sir Arthur Salter—twelve months' storage of food and the cost of providing storage facilities, he would not wonder that the programme is so expensive."

I believe that the expense would be very moderate indeed in relation to the value obtained in security. No exact estimate can, of course, now be made; it must depend upon the exact selection of foods, the quantities, the price at the time of purchase, the form of storage, etc. But we can get a fairly good idea of the general order of magnitude of the expense involved. We must, of course, regard the cost of the storehouses and the initial stock as capital expenditure. It is much more truly of this character than most of the £80 millions a year defence expenditure for which we are providing by loan in the next five years. We must, of course, include the

BRITISH MERCANTILE MARINE

GROSS TONNAGE of all Steamers and Motor Vessels in the British Isles

Mid years	Thousand tons
1913	18,683
1935	17,298

DISTRIBUTION BY AGE AND SPEED of Ocean-going Tonnage (over 3,000 tons) available for general cargo and passenger purposes in U.K. at end of 1935.

(Thousand Tons)

Speed	Age					Total	Percentage of Total
	Under 5 years	5 and under 10 years	10 and under 15 years	Under 15 years	Over 15 years		
Under 12 knots	350	1,545	923	2,818	1,650	4,468	37.7
12-14 knots	92	662	1,157	1,911	...	...	...
14-16 knots	257	700	628	1,585	...	...	...
Over 16 knots ...	281	425	547	1,253	...	...	...
Over 12 knots	630	1,787	2,332	4,749	2,646	7,395	62.3
TOTAL.....	980	3,332	3,255	7,567	4,296	11,863	100.0
Percentage of Total	8.3	28.1	27.4	63.8	36.2	100.0	

Sources: "Lloyd's Register" and "Shipping World."

represents a more concentrated form of food. It can be more conveniently stored in small amounts, in comparatively inexpensive buildings, more secure because they are more dispersed and, to the extent to which this is practicable, the need for the storage of wheat in large granaries, which would probably have to be built, owned and managed by the Government, would be reduced.

These are great advantages. On the other hand, flour needs to be made from specially selected wheat (such as Canadian of a strong type), and to have a smaller moisture content than is customary in much of the milling in England, if it is to keep in good condition for a substantial time. It would therefore be necessary, in part, to arrange for additional flour storage in bakers' stores where "turnover" could be frequent, and in part to secure some special milling from selected wheat. For these reasons, while flour storage can be a valuable part of our preparations, it cannot relieve us of the necessity of storing large quantities of wheat as such.

The Cost of Storage

The reader will doubtless have been wondering what all this is to cost. Will the expense be prohibitive? Sir

service of loan money in the annual cost, but that is enough. On that basis the "Agricultural Dilemma" (written, of course, when wheat prices were lower), reckoned the annual cost of buying, storing and maintaining (with expense of turnover) a year's supply of wheat, at £2½ millions. Two other independent estimates have put the figure at £3 millions. With increased prices, and with a more varied programme, we should perhaps allow for a rather higher figure, though it will be seen that what I have advocated is not a year's supply of all the food stored, but of supplies "equivalent," in the sense explained, to a year's wheat supply. If we take, say, £4 millions a year, that is only equivalent to between one and two per cent. of our present defence expenditure.

The Advantages

Against this comparatively modest cost let us consider the advantages, some of which, as will be seen, are cumulative, some alternative. A year's storage of the kind proposed would enable us to carry on through several years of war undistracted by the fear of imminent starvation. The relief to shipping would be very great.

Wheat imports alone required in the last war the equivalent of some 500 cargo ships continually employed. Shipping tonnage would thus be available in larger measure for other imports, especially munitions or the raw materials to make them. Under present conditions we should be compelled in a war (as we were in the last one) by the near danger of starvation to import more than the quantities currently consumed, i.e. to increase stocks instead of drawing upon stocks as we could with a reserve. In the last war the munitions programme was in constant competition with the food programme; and in another war the danger that it would have to be curtailed would be very great.

The relief to the Navy would be very great if routes and sources and sailing programmes could be arranged without the imperative necessity of turning round every ship as quickly as possible that exists when there is no margin of supplies or ships. (For example, we were compelled by this necessity to bring ships through the Mediterranean, even when we were losing one in every four, rather than send them with comparative safety round the Cape, and the Mediterranean is obviously likely to be more dangerous in another war.)

Food storage, whatever its exact cost, is likely to be much less than the naval cost—if it could be accurately estimated—of protecting a corresponding number of ship arrivals and of meeting the expense of the losses involved. And food already inland is obviously much safer than imports could be made by any conceivable naval and air protection at sea and the ports.

An essentially defensive measure of this kind has no offset in competitive armaments provoked by it. An extra batch of cruisers is likely to increase building by potential enemies, and the net advantage may be little or none. Food storage will give us extra security without in any way increasing the armaments race.

One of the greatest advantages would be that it would exempt those who have to take the highest decisions of policy from the panic atmosphere that must result if only a few weeks' supply separates the country from starvation. Repeatedly, during the last war, the gravest recommendations were made as to the need of closing down some of the military expeditions and changing the main conduct of the war in consequence of the shipping shortage and danger of starvation. The existence of a substantial reserve at the beginning of a war would enormously assist every problem of war, and remove the danger of panic decisions, as no possible naval and air protection of merchant ships could possibly do.

Food storage would, moreover, not only lessen our danger in war. It would greatly reduce the danger of war coming, for it would remove the temptation which our vulnerability presents to any potential aggressor.

Other measures are, of course, required. Naval protection of ships at sea and defence of ships and ports against aircraft are essential. The whole question of inland distribution in relation to home storage centres, or alternative supply from different ports as some may become too vulnerable—especially the supply of London if the port of London cannot be used—needs planning. (Fortunately, in this case road transport has eased the problem.) Other food, besides wheat, should also be stored, especially feeding stuffs, fats and sugar. Other non-food supplies might also with advantage be stored, especially oil, but also, if possible, metals. A full and objective examination of the whole of our defence problem, without the bias given by the present composition of the fighting services, would probably result in a very different distribution of the available money between the home front and the combatant forces. It would appear highly desirable that the Committee of Imperial Defence should regard itself as equally responsible for both aspects of the preparation for war, for the Home Front as well as for the military front, and pay equal attention to the main policy governing alike food storage, internal distribution, the provision of stocks of essential raw materials and oil, the evacuation of civil population and their protection, against gas, etc.

The whole problem of our supplies in war-time has not been the subject of public inquiry since the Royal Commission of 1905. The rather negative recommenda-

tions of that Commission are entirely inappropriate to the present situation. In 1905 neither the aeroplane nor even the submarine threatened our supplies. It is perhaps not generally realised that it was only after the last war had been in progress for some time that the submarine became a serious menace to our supplies; in 1914 only three merchant ships were lost through submarines, as compared with forty-two through mines and fifty-five through raiders. Moreover, the arrangements as to stocks, and the technical means for preserving, etc., have been completely changed. The problem has now an urgency and importance which could not have been foreseen in 1905 and are much greater, in view of the aeroplane, even than in 1918.

A Plan in Summary

It may in conclusion be convenient to summarise shortly the main points of a programme of immediate action as it seems to emerge from a consideration of the facts just discussed.

The following immediate steps are suggested:—

(1) The choice of sites (selected for relative immunity from attack and convenience of distribution) for dispersed inland storage of wheat, flour, sugar and fats equivalent together to a year's wheat consumption, should be at once made.

(2) Construction of these granaries or storehouses, or a very substantial proportion of them, should at once be undertaken.

(3) Wheat should be purchased gradually, with regard to the market. It should be to a certain extent converted into, and stored in the form of, flour. But large supplies of sugar, which is still cheap and stores better, should be obtained at once.

It is very important to realise that to a large extent an ample supply of sugar is equivalent to wheat. For our problem is not that of finding an alternative to imports but of *reducing* our need to import; and ships are interchangeable between wheat and sugar.

If, therefore, we have, at the outbreak of war, an ample supply of sugar, all ships engaged in peace in importing sugar can be *immediately* diverted to the carriage of wheat.

(4) It follows from this interchangeability of ships that we should *not* aim at a "balanced" storage, the storage of an approximately equal proportion of essential foodstuffs. We can afford, within a fairly wide limit, to store more of whatever stores best and treat that as an equivalent to the stocks of the less easily stored foods.

For this reason, as already suggested, sugar, which stores well and inexpensively, should be stored in a much larger proportion to its consumption than wheat. This will not, however, dispense with the necessity of storing very considerable stocks of wheat and flour, in view of the much larger consumption of the latter.

(5) A definite scheme should at once be made, and embodied in "war orders," immediately applicable when war comes, for slaughtering off and turning "meat on the hoof" into dead meat.

(6) Similarly, a definite scheme, also translated into war orders, should be made for "ploughing up" as soon as war comes.

If these steps are taken, ships with frozen space would be available mainly for supply of the forces abroad, and all suitable ships that can be made available could then, on the outbreak, be at once diverted to wheat imports; the need for feeding stuffs would be greatly reduced by the slaughtering; and the whole sea-transport situation, at once so dangerous and so vital for the whole of our supply services, would be immensely improved.

We should, indeed, have gone far to remedying our greatest weakness at an annual cost of something in the neighbourhood of between 1 and 2 per cent. of our annual defence expenditure.

Joseph was confronted with a vision of lean kine and defective harvests. He had a prospect of a serious shortage for a limited period—which is just our war problem. His policy was to meet this need, not by increased production, but by collecting and storing against the evil day. I suggest that it should be ours.

Overseas Correspondence

From Our Special Correspondents

United States

Fact and Fancy About the Future

NEW YORK, September 20.—The near-panic markets of the second week in September have given Wall Street a sombre view of the outlook for business. Some business men have come to share this opinion; but, generally speaking, the business community rates the episode as mere local hysteria. For example, reports from the steel industry expect output to be maintained at approximately the current level for the remainder of the year. If this expectation is realised, the 1937 output will substantially exceed that of 1929. In the automobile industry, the new models are just coming into production, and Detroit believes that demand will tax capacity. Prices will be about 10 per cent. higher than for the 1937 models. In the building industry, the general view is that 1937 has represented a mere lull, pending an upsurge next spring. Banking opinion is mixed; one hears of "deals called off" after the market crash; but one also hears the ever widening demand for bank loans cited as proof of expanding activity. The allegation that these loans are to carry slow-moving stocks is denied.

The latest complete data of the actual state of business are for July; but the partial indices available for August and the first half of September indicate that general production is still pursuing the even tenor of its way. The increase compared with last year is lessening, because a year ago industrial activity was climbing rather steeply.

The comparisons with last year are not wholly favourable. A year ago, it was possible to conclude summarily that the trend of manufacturing activity between April and July was "firm or rising"; for the same months of the current year, one could say no more than that it was "level or falling." This conclusion would probably not be materially altered if the August and September figures were known. A year ago, the "firm or rising" trend of the second quarter, suggested the sequel. That is, the firm to rising trend in the late spring and summer developed into an unquestionable rise in the later months of 1936 and the first quarter of 1937. This account does not wholly explain the doubts of Wall Street; but the trend is by no means so clearly indicated as it was a year ago.

Purchasing Power Policy

But there is another angle to the problem. The philosophy of our political economy has been heavily influenced, if not dominated, by the doctrine of individual consumption. Wherever a theory of consumer purchasing power came into conflict with a theory of the formation of capital, the former has prevailed. This doctrine has been consistently reflected in our tax legislation. American industry has operated for a full year under the undistributed profits tax. This tax imposed what was designed to be a prohibitive tax on undistributed corporate profits for the express purpose of forcing distributions to shareholders. It involved the assumption that if the distributing corporation actually needed more capital, it should pay out its earnings and then seek the additional capital in the market—for example, from its own shareholders. The immediate response was a large increase in dividend distributions in the late months of 1937.

The basic assumption, however, proved erroneous. Corporations which needed capital paid out their earnings in dividends only to discover that the capital market was not responsive to new issues. A few of the more popular corporations could float issues cheaply in the limited capital market; but the majority found such

financing costly and difficult. The consequence appears to be that a considerable number of corporations have been forced to consider the advisability, if not the necessity, of reducing their distributions and paying what was intended to be a penalising rather than a revenue tax, because the retention of earnings is the only feasible way of providing needed capital.

This adds to the difficulty of appraising security values. The fact that a corporation is earning profits larger than last year's is no guarantee that the present dividend will even be maintained. It may be increased, reduced, maintained or passed entirely.

The Release of Gold

This introduces a theme which has been the principal subject of conversation during the past week—namely, the intervention of the Federal Reserve authorities on Monday, September 13th. On that date it was announced that \$300 millions of gold would be released from the Inactive Fund. The bank statement showed that the policy had been put into effect promptly; the Federal Reserve Bank of New York showed an increase of \$300 millions in its holding of gold certificates, and the member bank deposits showed that already more than \$100 millions had passed into the excess reserves. As the week wore on, the response to this move was remarkably small—there was a slight firming of Government securities and a fitful and poorly sustained rally in the share market; the "psychological effect" was next to nil.

The position is this: there are now three distinct and differing opinions about the American economy. Business opinion is not unanimous, but is remarkably in accord that the outlook is excellent. Washington and Wall Street agree on a contrary opinion. Washington is apparently sufficiently perturbed about the outlook to take the vigorous action described above; even the famous "open market operation" of 1927 involved only \$80 millions, in a banking system that had no excess reserves. But Washington sees a credit problem, and provides a remedy through the credit mechanism.

Similarly, Wall Street is not so optimistic as the business community. It agrees with Washington that the process of reducing excess reserves created certain difficulties, and that the recent intervention is likely to alleviate those local pains. But its general diagnosis is fundamentally different. Where Washington stresses credit, Wall Street stresses capital; and in Wall Street the problem of the capital market is more significant and more complicated than the credit problem, which basically was no more than an unsatisfactory distribution of existing reserves. The simple fact is that our economy has neither a functioning money market nor a functioning capital market. The lack of a functioning money market may be compensated by skilful manipulations of banker's balances; but the lack of a capital market does not lend itself to such facile solutions.



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France

Devaluation without Benefit?

PARIS, September 30.—The depreciation of the franc during the last twelve months has been nearly 50 per cent. This fall in the franc has diminished the gold value of the public debt, which now stands at Frs. 36,000 millions, the same as in 1914. But, on the other hand, the State must now pay 6 per cent. and more to its creditors, compared with only 3 per cent. in 1914. The benefit of devaluation in this aspect of the budgetary situation is difficult to discern.

Rising prices are producing rising fiscal receipts. In August, receipts were Frs. 3,370 millions, of which Frs. 3,000 millions were ordinary receipts, an increase of 15½ per cent. compared with August, 1936. During the first eight months of 1937, total receipts were Frs. 20,000 millions, an increase of Frs. 1,900 millions compared with the same period of 1936. But this increase is principally due to taxes on increasing imports, and indirect taxes are misleading—notably, for instance, the yield of the turnover tax, whose decline may be partially ascribed to the latest fiscal reform, but certainly also to the stagnation of business, which is again perceptible in increasing partial unemployment.

Railway receipts also show an improvement, principally in the industrial areas of the East and the North. But Government employees are demanding increased wages, which, if granted, will cause new deficits in the railway accounts and the State Budget. They are claiming an increase of Frs. 150 a month from October, 1937, a claim which will cost Frs. 300 or 400 millions in the remaining months of this year and Frs. 1,500 millions in 1938. But M. Bonnet has made no provision for this expenditure in 1937 and has only allotted Frs. 1,000 millions out of the estimated surplus of Frs. 1,500 millions on the 1938 Budget.

Paid holidays, combined with the effects of the 40-hour week, produced in August a drop in coal output from 3,210,337 tons in August, 1936 (20.4 working days), and 3,588,558 tons in July, 1937 (21.1 working days), to 2,672,580 tons in August, 1937 (15.3 working days). Average daily production was 170,040 tons, won by 238,307 workers, compared with 170,249 tons and 238,148 workers in July. The numbers employed in August, 1936, were 223,006.

The production of metallurgical coke was 320,963 tons in August, 1937, compared with 348,817 tons in July and 307,089 tons in August, 1936. An agreement has been lately reached with the Miners' Unions for four extra working days in the remainder of 1937, but in certain pits the workers refused to support this concession, arguing that the falling-off in production should be remedied by the importing of fresh foreign workers.

After Three Months

Three months have elapsed since the new Government took office, and since the franc was again devalued. The paradoxes of the French situation are still the same. On the one hand, Budget prospects have been improved by the raising of taxes and railway charges, by the economies and the rise in prices; and the Treasury position has been alleviated by fresh advances from the Bank of France and by the consolidation of Frs. 5,400 million of 4½ per cent. bonds, due for reimbursement on October 5th. On the other hand, the deficiency in production and the import surplus both remain, and will probably continue so long as no new factor appears in French politics. It may be that the results of the forthcoming cantonal elections will constitute this new factor.

Meanwhile, the fundamental disequilibrium of the French economy is only "balanced" by Government appeals for an acceleration of production. M. Chautemps has just declared that "the Government will threaten no lawful interests, impose no further charges on industry, nor revoke the social laws. But production must be increased by improvements in plant, and by increases in the number of employees or by revision of the 40-hour week." Actually, these repeated appeals are not very

effective in face of the refusal of the trade unions to follow the Government and of exporters to repatriate the yield of their sales abroad. Moreover, the Minister of Finances must now aid the Equalisation Fund by new "recommendations" to the banks in order to limit forward exchange operations.

Germany

Dr Schacht's Position

BERLIN, September 29.—The Mussolini visit has produced nothing unexpected, except the visit to Essen. The speeches of Herr Hitler and Signor Mussolini were very vague. The Press, though it contains some apposite references to Augustus of Rome and Hephaestus of Essen, and other demigods and gods, does not venture to discuss the political import of the meetings; and the public merely sees and hears, but does not think—aloud.

Such also is the public attitude towards a matter which is more important because it concerns the one prominent German politician who is at once expert, serious and active. About Dr Schacht's resignation one gets no certain information. It is variously affirmed that he has *de facto* relinquished the Ministry of Economy, and will later formally resign, and perhaps actually resign, from the Reichsbank; or that he has not relinquished or resigned his posts, but merely delivered an ultimatum—perhaps the familiar penultimate ultimatum.

In view of the fact that any resignation by Dr Schacht would publicly advertise his protest against present abuses, and would therefore be resented by the Government and Party, it is unlikely that, after giving up the Ministry, he could long retain the Reichsbank. Indeed the two are virtually one. But it seems that for weeks before his visit to Copenhagen, Dr Schacht did not attend at the Ministry. However, as nothing in the Third Reich really and effectively happens until Authority announces it, there is no clearing-house for rumours; and it is not certain that any of the above stories are true.

It is certain that Dr Schacht is not pleased with the present economic, which means uneconomic, courses; and that from him recently originated certain mild Press criticisms, which no unprotected editor would dare to print. In disapproving, Dr Schacht is probably not alone. There are other high functionaries who would agree with the Minister of Economy. But, though expert and serious like Dr Schacht, these functionaries, unlike Dr Schacht, are not active. He might resign; they would merely be resigned.

Public Extravagance

It is said that Dr Schacht has again had trouble with Dr Ley. But that, if so, is a side issue. Dr Schacht does not approve of the headlong waste of public money, which he has to supply, or of the headlong waste of materials for which he has to find foreign currency. This waste is the consequence of the lack of a firm will and a serious mind in the Nazi Party, and of the belief that government is a vast show.

Dr Schacht wants to further exports, with the praiseworthy aim of supplying hampered manufacturers with materials and indifferently fed citizens with food. But exports are hampered by the internal waste of materials. As the public finances consist largely of credit, Dr Schacht feels himself responsible for them. His spending colleagues feel themselves irresponsible for them. Of the finances the public knows nothing; and it reasons that, unlike the matrons of ancient Athens, the less one hears of them the less virtuous they are.

There is considerable contradiction between the aims and methods of the Nazi Party and the objectives of order in economic and financial organisation for which, on the whole, Dr Schacht has stood. For instance, discriminating discussion about the problems of higher

taxation and a possible slump in the near future is blocked by doctrinaire assumptions.

New Foreign Exchange Decree

Dr Schacht has taken new measures about foreign exchange. He has decreed that all foreign securities, other than certain *non-valeurs*, must be reported to the Reichsbank. Securities owned by stock companies and other corporate bodies registered abroad must be reported if they are controlled by Germans or by foreigners resident in Germany (the latter are *Inländer* for the purpose of exchange legislation). Already since 1936 such securities have had to be deposited in a German "exchange bank," or, if actually outside Germany, with the foreign agents of a German exchange bank. The Government took measures to depress their quotations on the home Bourses, in preparation for acquiring them against Reichmark compensation, and in fact, prices fell by thirty to fifty per cent. Next came a decree forbidding holders of foreign securities to sell to private persons; if sold at all, the securities must be sold to the Reichsbank. The Reichsbank, it seems, duly acquired a considerable quantity, using pressure of various kinds, and sometimes paying premiums to induce the owners to sell.

The decree can be understood only on the assumption that ultimately general expropriation is designed. Possibly the measure must be assessed in conjunction with the re-export of nearly all the gold imported early in the year. A report by the German Lloyd Company shows that the exports of German-built ships in the first seven months of this year were valued at nearly Rm. 54 millions, which is four times as much as in the same months of 1936. This value is, however, included in the foreign trade totals; and an unstated part of the exports was paid for with blocked marks.

Business Activity

Industry is at present active. In August the average daily hours worked were 7.51 compared with 7.43 in July; and the number of employed workers was 10.8 per cent. higher than in the same month of 1936, compared with a difference of 10.2 per cent. in July. The number employed in industry has risen to 7,050,000. The improvement in consumers' goods trades continued. There have been some dividend increases in steel and other leading industries. The Trade Research Institute estimates that two million persons are at present working in industry for export, which is 500,000 more than in 1934. On the basis of the prices of 1928 the volume of export in the second quarter of 1937 was 86.6 per cent. of that of 1928, compared with a lowest record of 55.5 per cent. in the second quarter of 1934. The average price of industrial exports in the second quarter of the year was 60.4 per cent. of that of 1928.

Concerning the last Rm. 200 millions credit to Russia, under which the term for orders expired in June, it is reported that 543 firms obtained orders to the value of Rm. 182 millions, of which Rm. 87 millions were for machine-tools (which Russia needs for armaments); and most of the remainder was for other machines. In view of Herr Hitler's address at Nuremberg about the ruinous practices of Bolshevism in trade, it is noteworthy that the Reich continues to finance Soviet trade.

The Reich's total debt at the end of July was returned at Rm. 16,856 millions, compared with Rm. 14,655 millions twelve months before. This figure includes approximately Rm. 500 millions for tax-credit certificates and "old" valorised loans. The foreign debt has fallen sharply, being Rm. 1,392 millions compared with Rm. 1,650 millions a year ago. The funded portion of the "new" internal debt (debts contracted since the currency stabilisation) increased during the year from Rm. 6,256 to Rm. 9,442 millions. The figures, as usual, do not include the mass of "work-creation" and armament liabilities. Late last week the money market showed signs of strain in preparation for month-end settlements. Day-loans advanced early this week to 3-3¼ per cent.

Denmark

Scandinavian Interests

COPENHAGEN, September 28.—The usual meeting of the four Scandinavian Ministers of Foreign Affairs prior to the League session, to agree on a common policy about questions of joint interest, took place in Stockholm on September 7th. The official *communiqué*, issued after the meeting, mentioned the matters on which a joint policy had been agreed and stated that the collaboration established by these meetings had been of mutual benefit and ought to be continued.

The Lord Mayor of Manchester, Mr Joe Toole, accompanied by the Lady Mayoress and suite, paid an official visit to Copenhagen at the beginning of September in response to the Prime Minister's invitation last spring. A certain significance is attributed to this visit by the Lord Mayor of that great English city, which to the fullest extent has experienced the blessings of liberalism and free trade, to a country which was happier when it was able to adhere to the same principles.

From the preliminary negotiations about revision of the Exchange Control Act, between Government officials and representatives of trade and industry, it appears that it is intended to do away with import restrictions so far as the exchange position of the country will permit. Imports amounting to about 450 million Kroner might be admitted free; at present free imports amount to only about 80 million Kroner. Moreover, such important items as coal and coke, grain and feeding stuffs, the imports of which were valued at 250 million Kroner in 1936, will be on the free list.

The Storstrom bridge, connecting Zealand and Falstria, two miles long and the longest in Europe, was opened for traffic on September 26th in the presence of King Christian and a representative assembly, including the President of the British Board of Trade, Dr Schacht and others. The bridge, which was constructed by Messrs. Dorman Long and Company, will considerably reduce the travelling time between Scandinavia and the Continent for both motor and railway traffic.

Conversion Projects

The Ministry of Finance has commenced negotiations with the leading banks for a conversion to a 4½ per cent. interest basis of the 4½ per cent. loan of 1932, amounting to Kr. 30 millions—falling due on November 1st. Further, the possibility of a conversion as from January 1, 1938, of one of the expensive dollar loans still outstanding, namely, the 6 per cent. \$30 millions of 1921, is being investigated.

The uninterrupted improvement of the National Bank's foreign exchange position week after week for months past has not been continued during the last two weeks. Nevertheless, the position on September 23rd, showing new indebtedness to foreign correspondents of only about Kr. 3,000,000 must be considered quite satisfactory.

According to the Department of Statistics, the corn crop was harvested under favourable weather conditions. It is estimated that the yield of the spring crop will be very satisfactory, while the winter crop will hardly

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produce a normal yield, although it will be above last year's production. The number of unemployed has remained fairly constant during the few months, fluctuating around 15 per cent. of the total number of organised workers. This means that there are about 65,000 people unemployed.

Austria

Danubian Trade Policy

VIENNA, September 13.—When the League of Nations Union's Congress met recently at Bratislava it unanimously passed a resolution calling upon the Governments of the Danubian States to make preferential tariff agreements between themselves, and appealing to the European Committee of the League of Nations to persuade other Powers to abandon their most-favoured-nation rights in that area. This resolution is, oddly enough, a demand for the restoration in part of the economic relations that prevailed under the old Austro-Hungarian Empire. For seventy years these countries were willy-nilly part of a single open market, and their progress was only impeded by excessive agricultural protectionism. In the peace treaties an option was given for Czechoslovakia, Hungary and Austria to form an economic bloc, free for five years of the claims of the most-favoured-nation clause. But trade barriers were even then thought the indispensable prerequisite of national sovereignty and the option was not used. Policy ever since has aimed at minimising the disasters to which the loss of that golden opportunity gave rise.

The era of plans for reform opened with the Geneva Economic Conference in 1927, which denounced trade restrictions as the main cause of Europe's economic malaise. Then followed M. Briand's plan for the United States of Europe and the French Memorandum in 1929, but both were suspect politically, and economically too vague to have a chance of being put into practice. In 1931 came the abortive *Anschluss*. Almost simultaneously the so-called Layton-Lammers Report made detailed proposals for regional trade treaties. Plans of this kind were still further elaborated by the League and the International Chamber of Commerce.

The Position To-day

Since then two series of treaties, between France and the countries of the Little Entente, and between Italy, Austria and Hungary, each carefully framed to evade the most-favoured-nation clause, have resulted in the formation of two loose economic blocs in the Danubian basin. To-day, it seems that M. Hodza, the Czechoslovakian Prime Minister, has taken on the task of welding these groups into a homogeneous whole, with Bulgaria, which has hitherto stood aside, as a part. But his task is by no means easy. The creation of the two blocs dependent upon Great Powers, and the subservience of Bulgaria to a third Great Power, Germany, has even in the short time of their operation substantially reduced the mutual trade of the Danubian States. In the years before the slump, despite every restriction in force, that trade was about one-half of the total trade of the various countries. Later it fell below a third, and though world recovery has probably raised it since, through the effects of higher prices upon agriculture, it is certainly still lower than it was.

If a new Danubian bloc, giving mutual preference to its members, partly at the expense of the Great Powers is unattainable for political reasons, a start might be made by other means. Each Danubian country might give additional preference in proportion to the trade of other countries with it in the hope that a gradual reduction of tariffs might lead eventually to a less artificial economic structure.

Developments of this kind would be of the greatest value to Austria, which is more dependent upon Danubian trade than any of the other countries of the basin, with the exception of Hungary.

Foreign Trade Improvement

The official figures of foreign trade during the first seven months of 1937 show marked improvement. Imports compared with 1936 have risen in value by 150.2 million schillings to 834.9 million schillings, and exports by 151.8 million schillings to 680.9 million schillings. Compared with the corresponding period of 1936 the total value of Austria's foreign trade rose by 302 million schillings, and the import surplus fell by 1.6 million schillings. The rise in imports was mainly caused by the smaller crops of 1936, which necessitated buying grain abroad in 1937 to the value of more than 50 million schillings. Improved industrial activity caused a surplus of imports of raw materials and semi-finished goods valued at more than 80 million schillings. Exports increased in value in all lines; finished goods by about 88 million schillings; and raw materials and semi-finished goods by 58 million schillings.

The import surplus, which amounted to a monthly average of 23 million schillings during the first six months of 1937, fell sharply to 10 million schillings in July.

For many years after the war, when the economic system of Austria was broken down and permanently threatened with famine and chaos, the yearly trade deficit amounted to 1,000 million schillings, which was only partly met by invisible exports, tourist traffic or payments from abroad. Austria's foreign trade policy has since been, and is now, a perpetual struggle for wider markets abroad for her industrial goods and for improved agricultural production at home. Aided by the stability of her currency system and by the general tendencies of the world trade cycle, Austria's foreign trade in 1937 gives satisfactory proof of her success in both directions. Nevertheless, it cannot be ignored that Austria is forced to import yearly considerable quantities of foodstuffs, owing to the insufficiency of her own agricultural production; and that her means of payment for the import surplus are principally exports of finished goods—which cannot be increased *ad libitum*. Austria's economic situation, though decidedly improving, is indicated by the number of assisted unemployed, which is 280,000, compared with 192,000 in 1929. The index of consumption goods is still 40 points below the production figure of 1929, although the index of production goods for June, 1937, exceeded by two points the 1929 high water mark.

Japan

The Cost of Hostilities

TOKYO, September 9.—The short special session of the Diet in the first week of September approved supplementary estimates of 2,022,700,000 yen for military and naval expenditure in China. These, together with the estimates sanctioned a month ago, bring the total expenditure on Chinese operations to 2,548,300,000 yen. The Session also passed several emergency measures for war-time control over trade, shipping, and capital. These bills empower the Government to restrict or prohibit the import or export of certain articles; shipping and navigation, and the sale or charter of merchant vessels to others than nationals, and the establishment, re-equipment and extension of certain trades and industries, so long as the armed conflict with China continues. The import restriction will be applied, first of all, to cotton, wool, and timber, while the export embargo will be placed on steel manufactures and machinery. In order to secure an ample supply of funds for armament and allied industries, the establishment, re-equipment, or extension of textile mills, breweries, kilns, big stores, restaurants, hotels, and so forth will be restricted.

According to the half-yearly statements of the leading banks, the aggregate net earnings of the six big banks for the half-year ended in June amounted to 29,317,000 yen, compared with 28,187,000 yen in the preceding

half-year. Except in the case of Mitsui and Sanwa, there was a substantial increase in earnings at the other four banks. The most notable feature in the balance sheets of the "Big Six" was a further marked decline in investments. While deposits rose by 458,884,000 yen and loans and advances by 422,597,000 yen, investment holdings were reduced by 74,212,000 yen. This implies that the increase in lending was partly supplemented by a reduction in investments.

The Effects of War

The effect of the Sino-Japanese conflict is apparent in the August foreign trade returns. Imports were valued at 302,997,000 yen, which was 56,401,000 yen (15.7 per cent.) lower than in the preceding month; and exports, valued at 250,341,000 yen, were down by 31,966,000 yen (11.3 per cent.). Compared with August last year, however, the values of imports and exports were still higher by 111,919,000 yen (58.6 per cent.) and 20,814,000 yen (9.1 per cent.), respectively. August's import surplus was 52,656,000 yen compared with an export surplus of 38,448,000 yen last year. In the first eight months of this year the visible adverse balance of trade amounted to 747,848,000 yen compared with 213,869,000 yen in 1936. In August there was a fall of nearly 7 million yen in the value of imports of raw cotton, while one of the very few encouraging movements among exports was a further expansion of 3 million yen in the value of raw silk exported.

Other home trade statistics for August show a general setback. The Bank of Japan's index of wholesale prices for August showed a fall of 1.8 per cent. in the month. The price index for the month of August of all shares listed on the Tokyo Stock Exchange moved down again by 18.3 points, or 11 per cent., compared with a month ago. The output of cotton yarn during August increased by 516,000 lbs., or 3.8 per cent., compared with July, but rayon production decreased by 588,000 lbs., or a fraction less than 2 per cent.

The official crop report estimates that the year's actual yield of wheat for the country will be 9,950,000 koku, or about 350,000 koku above the record figure of 1935. In early September there had been no typhoon damage to the rice crop, which is distinctly promising. The spring cocoon crop was 4,111,000 kamme, or close on 10 per cent., larger than that of last year, but the outlook is not so good for the summer and autumn crop, owing partly to a long drought and partly to a shortage of labour as the result of recruiting youths for the China campaign.

Canada

The Dominion and the Provinces

OTTAWA, September 11.—The Royal Commission to investigate the financial and economic relations of the Dominion and the provinces held its first meeting in Ottawa this week. The Chairman, Chief Justice Rowell, intimated that there was no hope of producing a report in time for action at the next session of the Federal Parliament. He suggested that, since the Commission had been definitely instructed to study the British North America Act for the purpose of recommending changes to improve the relations between the Dominion and the provinces, there would probably be no attempt made to draft legislation until the report had been submitted to a Dominion-Provincial conference.

The King Ministry, when the Aberhart Ministry refused the use of the Provincial Gazette for the publication of the proclamation to give legal effect to the disallowance of its legislation, resorted to a precedent established in the time of Sir John Macdonald and published it in *The Canada Gazette*. It has thereby notified the Courts of the status of Alberta's banking legislation; and if any attempt is made to enforce it, the banks can refuse to comply with its terms and resort to the protection of the Courts.

Crop Outlook

Favourable weather conditions have enabled rapid progress to be made with harvesting in the prairie provinces; threshing is almost completed in Manitoba and Saskatchewan at an abnormally early date; but in Alberta some work remains to be done. The first official estimate of the Bureau of Statistics of the total Canadian wheat crop for 1937 places it at 188,191,000 bushels, all except some 19 million bushels spring wheat, compared with a total yield of 229,218,000 bushels in 1936. The following are the Bureau's estimates for the other principal grain crops with the figures for 1936 given in brackets: oats 282,065,000 bushels (271,778,000); barley 87,781,000 (71,922,000); rye 6,038,000 (4,281,000); flaxseed 741,000 (1,795,000). The hay and clover crop is estimated at 13,047,000 tons compared with 13,803,000 tons in 1936.

A survey of fruit crops indicates that the favourable prospects for fruit and vegetable crops in Eastern Canada and British Columbia are being well maintained; and forecasts that the apple crop will not fall far short of the record 1933 yield of 2,438,000. Since the survey was made, however, considerable damage has been done to the apple crop of Nova Scotia by a severe windstorm. The problem of feed for livestock in the West is still worrying the authorities, and Mr Gardiner, the Federal Minister of Agriculture, after returning recently from a western tour, said that although 50,000 head of cattle had already been moved with Government aid out of the drought-stricken area, 400,000 more should be transferred to better territory.

The buoyancy of the Federal revenues continues; and the total yield for August was \$38,779,370 compared with \$32,475,875 in August, 1936. But expenditure, at \$25,176,233, had increased by more than \$4,000,000. The total receipts for the first five months of the fiscal year amount to \$243,882,870, compared with \$201,616,426 in the same period of last year, a gain of nearly 20 per cent., and as there has only been a slight increase in expenditure, there has already been a gratifying improvement in the Budget position.

Continued Business Activity

During the summer there has been an encouraging decline in unemployment. The latest employment index of the Bureau of Statistics, for the end of July, was 120 compared with 119.1 on July 1 and 105.6 and 101.1 on August 1, 1936 and 1935 respectively. But unemployment is still a serious problem in the larger industrial centres.

The Bureau of Statistics, in a survey of business conditions in Canada during the first seven months of 1937, finds a marked improvement compared with the same period of 1936. During that period the index of the physical volume of business averaged 121.3

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compared with 107.0 in the first seven months of 1937 (1926=100). Only four out of 54 important indicators failed to shew gains; the increase in mineral production was 15 per cent., in the output of newsprint 18.9 per cent., and in steel production 29.1 per cent.

The outlook for the autumn has been somewhat clouded by another crop failure on the prairies, but since prices for farm products remain high and industrial operations are being maintained at a satisfactory level, the outlook is considered moderately good. The general economic index of the Bureau of Statistics, which stood at 114.8 for the week ended August 21st, fell to 113.7 in the following week, but more than regained its lost ground by climbing to 115.1 for the week ended September 4th, which was exactly the figures for the parallel week of 1936.

There has been a remarkable increase in the consumption of electric power during the year. During July the output of central power stations exceeded 1½ million kilowatts compared with a trifle over a million kilowatts in July, 1936. The earnings of the two railways systems have both risen. In the first seven months of the year those of the Canadian Pacific totalled \$9,355,614 compared with \$7,770,100 in the same months of last year and those of the C.N.R. \$7,626,847 compared with \$2,562,243.

In the manufacturing field the great majority of establishments have a satisfactory volume of orders on hand and the primary iron and steel industries are operating close to capacity. The textile industries in Quebec and Ontario have been affected by strikes for shorter hours, higher wages and rights of collective bargaining; but they have now all been settled on terms which represent substantial concessions to the workers.

In the mining industry there is renewed confidence because of the rise in the price of certain base metals and the lessening of apprehensions about the price of gold. The export demand for copper remains brisk, and exports for July amounted to 440,131 cwts. compared with 360,901 cwts. in July, 1936. The forestry industries are also faring well; the output of newsprint in July reached a new high record, being 314,529 tons compared with 310,871 tons in June and 274,627 tons in July, 1936, while exports of wood pulp amounted to 1,443,302 cwts. compared with 1,403,576 cwts. in July, 1936. In the construction industry there was the usual seasonal contraction in July, but the value of the new contracts placed at \$21,485,300, although lower by \$9,000,000 than the June figure, was \$3,500,000 above the figure for June, 1936.

Letters to the Editor

American Credit Policy

TO THE EDITOR OF THE ECONOMIST

SIR,—In your note on the decision of the Board of Governors of the Federal Reserve System to de-sterilise \$300,000,000 of gold in order to replenish the reserves of the New York Member Banks, you remark: "Sooner than was expected it is being proved that consistent monetary policy is difficult, if not impossible, when the national Budget is unbalanced."

Under certain circumstances—periods of cumulative boom—this point certainly is valid. Governments which

labour under budgetary difficulties must be suspected of tending to favour easy money even after the economic need for its maintenance has ceased.

Both as a general principle, however, and in its application to the present position in America (and, incidentally, also in this country) your observation is open to serious objections.

There are periods when the unbalancing of the Budget is a necessary element of monetary management. It is possible to hold that monetary management is always and without exception unsound and dangerous. With that view, which I believe you strongly repudiate, it is not possible to argue. Once the desirability of some method of monetary intervention is accepted, that of unbalancing of the Budget cannot *a priori* be generally ruled out.

There seems to be, however, no justification for the view that the state of the Budget was the motive for the step you criticise.

Six months ago when spirits were exuberant and the technical difficulties in the way of a rapid increase of supplies in the view of the authorities threatened a cumulative price and profit inflation, action to dampen the impetus was decided upon. It may *then* have been taken too late and too hesitatingly. The exigencies of the Treasuries (and one ought not to forget that the British Budget too was then about to be, is and for some good long time will remain, unbalanced) may then have played some rôle in this hesitation. When action came it was with a short, sharp shock. Confidence was shaken by Government statements, tax measures and restrictionist credit policies both in this country and America. The psychological impact was multiplied by the unfortunate deterioration of the already ominous international position. Little remains of the former exuberance on the central markets. So little in fact that some people already begin to clear the decks for the next slump, and must hope that another resurgence of the old spirit will permit them to "get out" on better terms. This change in the liquidity preference forebodes ill. Government spending can—as we saw in America in 1934–35—hardly counterbalance a serious deterioration of the private investment initiative.

As yet little if any damage has been done. On the contrary: the dampening of extravagant demand allowed supply to catch up and laid the foundations for a more solid broadening of the recovery movement. The revival of international trade is one of the happiest manifestations of this configuration. Rigidity in policy in the face of the changed basic psychological and technical conditions threatens to convert the healthy and necessary slowing down of the rate of expansion into actual shrinkage.

Considering that the margin on which solvency, especially public solvency, depends, has decisively shrunk; that neither the burden of public expenditure nor the terrifying international developments necessitating it are likely to be lifted from us; and that at the same time the very same factors weaken the body economic and decrease its ability to bear the strain, continued deflationary action seems to be completely out of place. It has to be hoped, on the contrary, that the measures initiated in America will be followed up both here and there. The capital markets must be enabled to fulfil their function, the maintenance of stable business activity at a high level, by stimulating long-term capital investment. No capital market, however, can satisfy this essential need when demoralised by the threat of a continuing price decline. The lifting of the monetary as contrasted with psychological pressure was the first step to consolidation. It has to be greeted the more warmly as failure under present conditions forebodes an eventual explosive inflation, the very danger you abhor.

Your obedient servant,

THOMAS BALOGH.

Old Jewry,

London, E.C.2.

[Our comment was not intended to be taken as a criticism of the action taken by the American authorities, which, on the contrary, seems to be appropriate. We were concerned merely to point the political moral that so long as the Treasury is dependent on the market, its needs inevitably become the paramount consideration, to the possible detriment of monetary policy as a whole. On this occasion, the Treasury's requirements pointed in the same direction as wider considerations. But it seems to have been the Treasury which gave impulsion to the change in policy. And the Treasury, with an unbalanced Budget, may not always be on the side of the angels.—Ed. Econ.]

America's Balance of Payments

TO THE EDITOR OF THE ECONOMIST

SIR,—I venture to question whether America's negative balance of mercantile trade is "remarkable" because, as suggested in your issue of September 25th, her currency "has been devalued by more than 40 per cent. within the four years preceding 1936."

Since, in terms of commodities, the fall in dollar purchasing power has not been outstanding in relation to that of other commodities, "devaluation" has been

mostly an illusion. If \$4,012 millions of gold reserves held at the end of 1933 became "worth" \$6,800 millions at the end of 1934, this was because gold was written up arbitrarily in terms of the dollar, and not because the dollar had suffered a corresponding fall in purchasing power.

The implications of this important distinction are various, and I confine myself to a hint of such conclusions as follow from the proposition that at \$35 per ounce gold is now on the dollar standard, and at a precariously high parity.

I am, Sir,

Yours faithfully,
ARTHUR V. BARBER.

Whitehall, S.W.1.

Books and Publications

Middletown Revisited

MIDDLETOWN is Muncie, Indiana. It was picked out in 1925 by Mr and Mrs Lynd as a very typical small American city. It is in the Middle West, dependent on industry but surrounded by the corn lands; it is large enough to be urban but not large enough to be metropolitan (its population was then 35,000); over 90 per cent. of its people are white and at least third-generation Americans. Having selected their Middletown, Mr and Mrs Lynd, with a band of investigators, lived there for eighteen months, 'discovering, dissecting and discussing every aspect of life in the city—its business and industry, its government, its religion, its morals, its amusements, its education, its philosophy. The resulting book, which was published in 1929, is a monument alike to their industry and their human interests. It will always be the most complete and typical picture of the United States in the middle of that wonderful eleven years between the Armistice and the Great Depression. It is "Babbitt" blueprinted.

In 1935 the Lynds went back to Middletown, and their new book* records their impression of change. Those changes are, of course, many. But the reader will be inclined to think that the Lynds have changed as much as Middletown since 1925. Their dissection was always done with a sharp knife; but the satirical note is more frequent now. Ten years ago it was possible to have doubts about some of the values of American civilisation. But it was so completely and contentedly accepted by such an overwhelming majority, it was so impressive in its material achievements, that the sceptic was forced into apology. Now that the American system has disappointed even its admirers, the sceptic can be much bolder. This is reflected in the subtitles of the two books. The first was called "A Study in Contemporary American Culture"; the second is "A Study in Cultural Conflicts." The culture of Middletown is not merely something objectively external to the investigator; it seems to have become something definitely alien. There are kind words for the people; but none for the system.

This comment—it is hardly a criticism—should not be allowed to detract from the praise which the second volume, no less than the first, fully deserves. The depression, in its suddenness and immensity, made a social and psychological impression on the American people comparable only to the impact of the War on European societies. In either case the sociologist hardly knows whether to marvel most at the changes or at the underlying continuity. In the case of Middletown, the clearest fact that emerges from the Lynds' study is the extraordinary toughness and resilience of institutional and traditional patterns of living. It is possible to list a great many changes due to the depression; but most of them are ephemeral, vanishing again with recovery. This is most conspicuously true of the problem of caring for the indigent—a problem which hardly existed in 1925 but became in 1931–34 the central problem of communal existence. All sorts of shifts and devices were improvised; the powerful aid of the Federal Government

* "Middletown in Transition: A Study in Cultural Conflicts." By Robert S. Lynd and Helen Merrell Lynd. (London) Constable and Co., Ltd. 604 pages. 18s. net.

had to be brought in. But the old doctrine that poverty is a man's own fault, and that the provision of a dole is fatal to public morale, was merely suspended, not changed.

This same temporary nature of the effects of the depression can be seen in other ways. Divorce declined in the bad years, but is now increasing (incidentally, there are between forty and fifty divorces in Middletown for every 100 marriages; the comparable figure in England and Wales in 1935 was only just over one per cent.). There was a great increase in use of the public libraries; but this has now relapsed. Even more striking were some of the aspects of life which showed no change. There was no perceptible revival in institutional religion. Although retail purchases of all sorts fell off sharply, the use of motor-cars did not, nor—more strangely—did the use of laundries.

Beneath these temporary changes, however, the more fundamental shifts in American society can be seen at work. Class divisions are hardening. At the upper end there is a growth of "self-conscious leisure" in forms which are only available to, and symbolical of, great wealth. At the lower end, the working man is losing his faith that he carries a millionaire's baton in his knapsack. On the other hand, "class consciousness" has not yet emerged, and the Lynds' considered judgment is that the Labour movement in Middletown is, on balance, weaker than ten years ago.

For all these changes, the book gives chapter and verse. It is not precisely bedside reading—there are too many technical terms. But it can be wholeheartedly recommended to anybody who is anxious to make the intimate acquaintance of a typical American community of the present day.

Shorter Notices

"Redressement économique et Industrialisation de la Nouvelle Turquie." By Orhan Conker and E. Witmeur: Recueil Sirey (Paris). 345 pages. 50 frs.

This is an extremely valuable summary account of one of the most interesting of recent experiments in industrialisation. Details of statistics and legislation have hitherto been more than difficult to get hold of, and this essay fills most of the more glaring gaps. It is a pity, however, that the authors did not replace some of the multitudinous photographs of anæsthetic factories and politicians by a fuller commentary on Turkish economic policy. There is a preface by the Prime Minister, M. Ismet İnönü, and a dedication to the Atatürk, but no index.

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MONEY AND BANKING

The Tripartite Agreement

THE Tripartite Monetary Agreement, made originally by England, France and the United States and subsequently adhered to by a number of other countries, has this week celebrated its first birthday anniversary. One of its original objectives was to permit of the orderly devaluation of the franc from about Frs. 75 to about Frs. 105 to the pound sterling. But the franc had last July to be devalued once more to Frs. 127, and has since slid to over Frs. 140 to the pound. There have also been such new events as the gold scare, the set-back in stock markets on both sides of the Atlantic, changes in American banking policy and the enlargement of the British Exchange Equalisation Account. Even the birthday of the Tripartite Agreement is being celebrated quietly at Washington by a meeting between the American authorities and a representative of the British Treasury at which no doubt some of these matters are being informally discussed.

So far as can be ascertained, the Washington discussions have been mainly directed towards the allied questions of foreign hot money and its proper taxation. Primarily the American authorities desire to put an end to certain opportunities for tax avoidance, which now exist. They wish to ensure that foreign funds lodged or invested in the United States bear their proper share of taxation, and they also desire to check evasion by American nationals operating through agents or nominees in foreign countries. In this connection it must be remembered that the American income tax embraces profits on the purchase and sale of securities, and equally allows losses to be used as an offset.

There is also the question of hot money to be considered. It has long been known that the American authorities view its presence with some apprehension and distaste. Its influx is a leading cause of the United States' huge acquisitions of gold. Part at least of this gold has found its way into the banking system, including \$300 millions released only a few weeks ago, so that the possibility of a sudden reflux of much of this foreign hot money, and its reaction on the American banking and exchange position, must be causing a certain amount of uneasiness.

The dimensions of this problem can be illustrated very approximately by the following table, taken from the July, 1937, issue of the Federal Reserve Bulletin.

NET MOVEMENT OF CAPITAL INTO THE UNITED STATES,
JANUARY 2, 1935, TO MARCH 31, 1937
(Millions of Dollars)

	Country of Origin			
	England	France	Other Countries	Total
(a) Banking Funds :—				
(1) Foreign Funds remitted to U.S.A.	154.7	140.9	828.0	1,121.6
(2) U.S. Funds repatriated	182.5	63.0	153.8	409.3
Total	347.2	203.9	979.8	1,530.9
(b) Security Purchases :—				
(1) U.S. Securities	438.8	72.9	564.0	1,075.7
(2) Foreign Securities	140.5	22.7	155.9	319.1
Total	579.3	95.6	719.9	1,394.8
Brokerage Balances	0.8	9.4	— 6.7*	4.1
Grand Total	927.3	308.9	1,693.8	2,929.8

* Net outflow from the United States.

During the period in question a net sum of \$2,929.8 millions flowed into the United States. Nearly one-third of this amount apparently came from England, for the greater part as purchases of American and foreign securities in Wall Street. France's contribution of \$309.8

millions is smaller than might have been expected. Of the balance of \$1,693.6 millions represented by other countries, the chief contributions are :—

	Banking Funds	Security Purchases (\$ millions)	Total*
Holland	49.1	215.3	267.1
Switzerland	102.6	250.5	363.5
Latin America	355.4	— 15.2†	334.9

* Includes brokerage balances. † Net outflow from United States.

The first comment to make is that not all the funds shown as coming from England are necessarily of British origin. Part of them no doubt have come from Europe to the United States *via* London. The same is quite possibly true of Holland and Switzerland. Still, with these reservations, it is easy to see why the American inland revenue authorities should be interested in the \$438.8 millions of American securities purchased with funds remitted from London. It is also easy to see why a total net capital influx of nearly \$3,000 millions in little over two years, balanced very closely by a net gold importation of \$3,116 millions during the same period, should be of interest to the American Treasury in more ways than one.

On the taxation question, the main point is that any new arrangement must be reciprocal. The American authorities should also be invited to say whether they are thinking of a "revenue tariff" on foreign money, i.e. the prevention of tax avoidance; or a "protective tariff," designed to discourage a further influx. The danger of a protective tariff is obvious. It would not only prevent more capital from coming in, but would also induce the hurried repatriation of much of the foreign capital already in the United States. The effect of this on Wall Street, in its present frame of mind, needs little emphasis. Nor, too, is it necessary to suggest the possible effects upon the exchanges of an outflow of capital from the United States of the magnitude suggested by the table. To say the least, the American authorities would have to be prepared to part with an equivalent quantity of gold; and we and other centres would have to be prepared to receive it.

Meanwhile there is the further collapse of the franc and its bearing on the Tripartite Agreement. Obviously, the depreciation of the franc during the past year from Frs. 105 to Frs. 144 denotes a definite change in conditions, but it does not mean that the Tripartite Agreement ought to be abrogated. To begin with, France is now only one of numerous adherents to the Agreement, though admittedly she was one of the first, and is still one of the most important. Next, France has undoubtedly kept the terms of the Agreement. She has refrained from imposing exchange restriction and from competitive currency depreciation. As we showed a fortnight ago, it is to-day impossible to say whether the franc is over- or under-valued, or what is likely to be its permanent and natural rate in the ultimate future.

The suggestion has recently been voiced in *The Times* that combined international action should be taken against "financial piracy," that is, against speculative attacks on currencies. In principle, the idea is tempting, though it must be remembered that these "financial pirates" reside mainly on the Continent, and not in London. It must be remembered, however, that piratical or bear attacks on a currency can only be made when, fundamentally, that currency is in an unsound condition. In these circumstances even the strongest gold reserve becomes exhausted in time. It has also been

suggested that the Exchange Funds of the different nations should work in unison against the pirates. In a sense they do so to-day, for there has always been a measure of collaboration between the different centres. What is hardly practicable is for the authorities in one centre to be able to use the assets of the Exchange Fund of another centre. Thus the British authorities cannot lend gold to the French Exchange Fund, and then buy it back again the next day as part of their normal operations for supporting the franc. Nor can they be expected to buy and hold francs without turning them into gold.

At the moment, indeed, it is impossible to say how far the franc's *crise de confiance* is due to political and how far to economic factors—or, indeed, where the former end and the latter begin. As we go to press, the position of the Chautemps Government seems increasingly precarious. Unofficial reports from Paris suggest that M. Bonnet may resign if a Cabinet Council, to be held on Saturday, October 2nd, rejects his proposals—which, it is rumoured, will include some revision of the 40-hour week. In that case, the Socialist members are credited with the intention of proposing some form of exchange control. And where will the Tripartite Agreement be then?

The answer is that the Agreement—dupartite, tripartite or multipartite—ought to be maintained, as a monetary basis for the liberation and revival of international trade and finance, which is fundamental to recovery. Discussion at Washington and elsewhere can serve at least the useful purpose of maintaining close and constant contact between the leading financial centres.

Financial Notes

Federal Reserve Advances.—The Board of Governors of the Federal Reserve System have carried their policy of preventing monetary stringency one step further by considerably widening the definition of assets which are "eligible" for deposit by a member bank as security against an advance from a Reserve Bank. What is more, the Reserve Banks, if they think that circumstances make it advisable, are authorised to accept any asset without regard to its formal eligibility. The immediate purpose of this change is, of course, to make it still easier for member banks to borrow and thus obviate any possibility of a shortage of credit. The decision re-emphasises the reversal of official policy since the increases in reserve requirements which were imposed in the spring. But it also marks the virtual end of a doctrine which has influenced the Federal Reserve system from the beginning—namely, that a Central Bank should concern itself not merely with the quantity of credit in existence, but also with its quality—that is, with the uses to which it is put. Originally, the Reserve Banks could lend only on 90-day commercial paper and 9-month agricultural paper. This provision proved dangerously restrictive in the depression years, and the definition of eligibility has been gradually widened to include, first, Government bonds, and, later, a great variety of other bank assets. To European bankers the qualitative doctrine has never been impressive, as the security pledged for an advance may have no connection with the use to which the advance will be put. Its disappearance will remove one of the least purposeful restrictions on the freedom of the Federal Reserve authorities to pursue the credit policy which seems to them to be sound.

The Money Market.—Contrary to expectation, money has been very easy all the week, including Thursday, September 30th. Normally there should have been some pressure for funds, because the bulk of this week's Treasury bills were paid for on or before Thursday so as to mature in December, while the market had paid for no bills at the end of June, and so had no maturities this week before Friday. By Thursday this movement must have reached its height, and it is a little surprising that by then the market was not short of funds. On the other hand, there was no clearing bank

calling on Thursday, and this helped to ease the position.

	Sept. 9, 1937	Sept. 16, 1937	Sept. 23, 1937	Sept. 30, 1937
Bank rate	2	2	2	2
Clearing banks' deposit rate	1	1	1	1
Short loan rate :—				
Clearing banks	1-1*	1-1*	1-1*	1-1*
Others	1-1	1-1	1-1	1-1
Discount rates :—				
Treasury bills	1	1	1	1
Three months' bank bills	1-1	1-1	1-1	1-1

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

This week's Treasury bills were allotted mainly at £99 17s. 6d. per cent., equal to $\frac{1}{2}$ per cent. The clearing banks were ready buyers of November and December Treasury bills at $\frac{1}{2}$ per cent. December bank bills are quoted at $\frac{1}{2}$ per cent., but next year's maturities are quoted at a full $\frac{1}{8}$ per cent.

The Bank Return.—Currency requirements over the end of the month explain the increase of £2.5 millions in the note circulation. This movement was rather greater a year ago :—

	Sept. 30, 1936	Sept. 8, 1937	Sept. 15, 1937	Sept. 22, 1937	Sept. 29, 1937
Issue Department :—	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Gold	248.6	326.4	326.4	326.4	326.4
Note circulation	449.4	489.1	488.1	486.0	488.5
Banking Department :—					
Reserve	60.3	38.9	39.9	42.1	39.6
Public deposits	49.7	12.0	12.5	15.7	21.8
Bankers' deposits	60.7	105.7	108.4	105.6	95.1
Other deposits	40.9	36.3	36.1	36.2	37.2
Government securities	80.3	107.1	109.1	106.9	105.8
Discounts and advances	8.6	5.1	5.0	5.2	6.2
Other securities	20.4	21.0	21.2	21.6	20.8
Proportion	39.8%	25.2%	25.4%	26.7%	25.6%

In the banking department, both the Reserve and bankers' deposits have been depleted by the increase in the note circulation. There has also been a transfer since last week of about six millions from bankers' to public deposits, due to this week's incidence of Treasury bills.

The Foreign Exchanges.—Spot francs have for the moment been brought under control again by the French authorities at a pegged rate of Frs. 144.60. The Paris banks have also suspended all dealings in forward francs at the request of the Banque de France. In so doing they have destroyed the main source of demand for forward francs, which has emanated from Paris banks desirous of earning a profit on selling spot and buying back forward. In consequence, the discount at once widened to 6 francs for one month, and 11½ francs for three, and business everywhere has become very narrow. By Thursday the two rates had narrowed to 5½ and 9½ francs, respectively, but the impression given by these wide rates is so bad that quite possibly the embargo upon forward dealings may be soon withdrawn. The whole market has been in a nervous condition, and there have even been rumours of a fresh devaluation of the dollar. Thus one day there were sales of francs for dollars, largely through London, while the next day the dollars were re-sold against purchases of gold, this last being on both French and Dutch account. Many of the French operations in foreign currencies are now conducted in Switzerland, where they are covered by French currency taken to Switzerland by its owners. Amidst all these cross-currents dollars have remained reasonably steady at about \$4.95. Spot belgas have been bid down this week from Bel. 29.43 to Bel. 29.37½, but forwards have been erratic at discounts ranging from 8 to 17 cpts for three months.

THE STOCK EXCHANGE

Chinese Bonds

THE Japanese hostilities in China have developed at a time when the country, chiefly by its own efforts, was fast progressing towards economic recovery and effective national government. No one can foresee what will remain of China's financial achievements when a halt is called to Japan's aggression. The London stock market, which until recently was inclined to see in each Japanese "success" at least the redeeming possibility of an early termination of hostilities, is now less sure that the war will be short and sharp.

Even at this stage, however, investors may profitably endeavour to make a preliminary appraisal of China's credit in her circumstances as a victim of war. British holdings of Chinese are more important than of Japanese bonds. Until July, when Japanese "incidents" in North China were followed by the Chinese Government's abandonment of Peiping and Tientsin, China's impressive recovery had been matched only by London's willingness to keep in step. Outstanding debt questions from the depression had been largely cleared up. Settlements had been completed for the defaulted railway loans. Though these covered only a fraction of the service originally contracted, they served to demonstrate China's recognition of responsibility. A loan of £1,100,000 in 6 per cent. bonds for the completion of the Shanghai-Hangchow-Ningpo railway was negotiated in May last year, and introduced to the London market last February, when investors had already shown increased interest in Chinese issues. And in connection with Dr H. H. Kung's visit to this country this summer, it was freely reported that negotiations had reached an advanced stage for a loan of greater amount.

Possibly London's goodwill made her estimate of China's investment status, before last July, err a little on the side of optimism. But the subsequent fall in Chinese bond prices has more than reversed that factor. The following table shows the recent course of certain Customs, Salt and Railway Loans:—

	1936		1937			Yield %
	High	Low	Mar. 30	June 30	Sept. 30	
Secured on Customs						£ s. d.
4½% Gold Loan 1898...	108½	92½	102	102½	91	4 19 0
5% Reorgan. Loan 1913	96	80	96	101½	67	7 10 0
Secured on Salt Gabelle						
4½% Loan 1908	161½	92	101	100	90½	5 1 9
5½% Loan 1912	87½	66	90½	94	82½	8 1 8
8% Vickers Notes	30½	5	36½	43½	21½	6 19 6
Railway Loans						
4½% Gold Loan 1899...	97½	85	98	100	68	7 7 0
5½% Shanghai-Nanking	79	64½	87½	90	40	12 10 0
5% Canton-Kowloon	42½	14½	56	56½	28	8 18 6

Let us examine each group in turn, relating, as far as possible, pre-War statistics to the special circumstances of war. The Customs loans are the touchstone of Chinese credit. Their service has always been regularly met, and enhanced by the presence of foreign nationals in the Customs Administration. Our table, however, shows that the 1913 loan has fallen in three months by over 30 per cent. Even the 4½ per cent. loan of 1898—China's "gilt-edged short"—is 11 per cent. lower now than three months ago.

What effect will hostilities have upon the secured revenues? There must be a severe contraction in trade during the second half of the year, accompanied by considerable interference with Customs collections. The following table, reproduced from our last issue, shows that the present theatres of war cover several of China's principal ports.

CHINESE MARITIME CUSTOMS (In dollars)

	1934	1935	1936	Percentage of 1936
Shanghai	175,363,474	149,127,439	148,869,136	46
Tientsin	41,138,710	41,089,011	35,518,115	11
Hankow	19,365,550	22,396,228	23,874,359	7
Canton	8,013,102	9,616,502	10,925,799	3
Kowloon	7,462,841	7,346,729	9,120,867	3
Swatow	5,793,706	4,760,905	6,828,894	2
Others	77,508,025	81,182,898	89,446,121	28
Total	334,645,408	315,519,712	324,583,291	100

From this table we may calculate the extent by which Customs revenues must fall before the principal loans are affected. The 4½ per cent. loan of 1898 ranks first in the list, and requires £821,419 in full service this year. Next come the Boxer Indemnities (including the service of the 5 per cent. dollar bonds of 1925, secured on the French portion and other smaller issues) which require approximately £2,300,000. Finally, the service of the 5 per cent. Reorganisation Loan requires £1,496,038. External debt charges on the Customs Revenues thus total some £4,620,000.

If one may assume that the Shanghai dollar will remain linked to sterling at rs. 2½d. in the future, a simple calculation will show the extent to which the security for these loans may be affected. The sterling equivalent of last year's revenue is £19,600,000, of which 23½ per cent. is needed for external obligations. Some 40 per cent. of last year's currency revenues, however, were absorbed by the service of internal debt. Thus, it would seem that the dollar revenue would have to fall by about 35 per cent. in currency, before the internal debt service was threatened. After the consolidation of the internal debt last year it can only be presumed that the Government would not willingly contemplate interference with the service except under *force majeure*, even although it might lose the substantial balance of Customs receipts—\$112.1 millions last year—which is available normally for revenue purposes. Assuming, however, that the internal service were to be suspended during the crisis, the Reorganisation loan would still be covered if sterling revenues fell 76½ per cent. from last year's level and the Boxer Indemnities if revenues fell by 84 per cent.; while the 4½ per cent. loan would be covered by only 4.2 per cent. of the 1936 revenue. And if the sinking funds of all loans were temporarily suspended, payment of interest could be maintained even if the revenues were still more attenuated.

These calculations provide formal proof that, granted exchange stability, the setback in China's trade would need to be substantial before the external Customs loans were affected, if the matter depended on China's goodwill alone. But are arithmetical calculations entirely apposite when bombs are falling on a country's capital city? Can the investor rule out the possibility that, at the end of the fighting, China's economic strength will be exhausted, her trade with Japan reduced, and her attitude toward the rights of foreign creditors obscured by pressing domestic problems? Investors are bound to await the latest trade figures with anxiety. In 1936 China's total trade increased by 10 per cent. During the first six months of this year it showed a further increase of 37½ per cent., and the excess of imports was further reduced. But between July and August total trade fell from \$213 millions to \$101 millions—a drop of 52½ per cent. Shanghai's share in total trade is normally of the order of 55 per cent., and her contribution to Customs rather below 50 per cent. If the August figures are followed, as they must be in to-day's circumstances, by worse returns this winter, then the internal debt service will be placed in jeopardy. With Shanghai under fire and

Tientsin occupied, the loss of revenue from smuggling in North China last year sinks to minor importance.

We may next turn to the situation of the Salt Loans. So great were the improvements effected in the salt collections after China's internal consolidation in 1927 that investors were beginning to regard the seniority of the Customs issues as a case merely of *primus inter pares*. From a gross revenue of \$54½ millions in 1928, salt collections increased almost without interruption to \$206½ millions last year. This branch of revenue requires, above all things, efficient administration: supervision of salt production and prevention of smuggling. And in a country of China's size, a certain degree of local anæmia must be looked for, however sound the heart of the administration may be. Consequently, while the salt revenues may not be directly open to Japanese attack to the same extent as the Customs, political disturbance and rising prices can seriously affect their yield.

The external charges on the Salt Revenue comprise the 4½ per cent. loan of 1908, the Hukuang Railway loan of 1911 (which receives 2½ per cent. until 1938), the "Crisp" loan of 1912, and the Vickers-Marconi Notes—apart from certain yen and dollar obligations. Settlements of certain of these loans have been so recently arranged that it seems preferable to calculate cover on the basis of 1938 service requirements. All the external charges could, in fact, be met at a cost of £965,000—equivalent to \$16 millions Chinese, or to 7½ per cent. of last year's collections. It is true that there are certain domestic obligations which have been met from the Salt Gabelle, but they are not, in fact, legally attached. *Prima facie*, therefore, the Salt Loans seem less vulnerable, so far as their security goes, than the Customs issues, unless the investor is prepared to contemplate circumstances of disaster.

Finally, we may briefly examine the position of the railway loans. While internal dissension was rife in China, damage and loss from military operations was inevitable. More recently, settlements have been concluded with bondholders which postulate steady and peaceful progress in China's economic prosperity. The intrusion of war has made the position of the railway loans anything but promising. Some lines, such as the Tientsin-Pukow, and Shanghai-Nanking, are directly exposed to damage. As the railway stocks received most speculative attention in the market earlier this year, their falls have been correspondingly severe. At present the full service is being met on the Gold Loan of 1899, while the Shanghai-Nanking bonds are receiving full current interest, subject to 18 months' arrears and seven years' sinking fund.

The future of the loans on which settlements were reached last year—Honan, Canton-Kowloon, Tientsin-Pukow and Lunghai—must now be treated as entirely conjectural. The agreements were based on the assumption that the net surplus of the Chinese railways would continue to increase—on a scale comparable, perhaps, to the vast improvement from \$8 millions in 1933-34 to \$35 millions in 1935-36. For that reason, the resumption of full coupon payments and sinking funds, as revised, was to be a gradual process. Altogether, in present circumstances, this group of bonds is quite obviously the most speculative of all China's obligations in which British investors have a substantial interest.

No one can pretend, at this moment, to assess the future of China's credit. The war may introduce immense secular changes in Chinese history, or it may be shortly succeeded—as wars have often been succeeded in the Far East—by rapid recuperation and peaceful progress. China has hitherto shown goodwill towards her creditors, and, under the most favourable conditions, she will need much capital for her development. Whether the present hostilities will modify her attitude towards creditor nations and their cash remains to be seen. But with the best will in the world, her ability to collect and transfer the secured revenues would necessarily be severely strained by a long war. The investor, in fact, may measure the potential damage to his interests—apart from political considerations, which are quite incapable of assessment at the moment—by his estimate of the possible duration of hostilities.

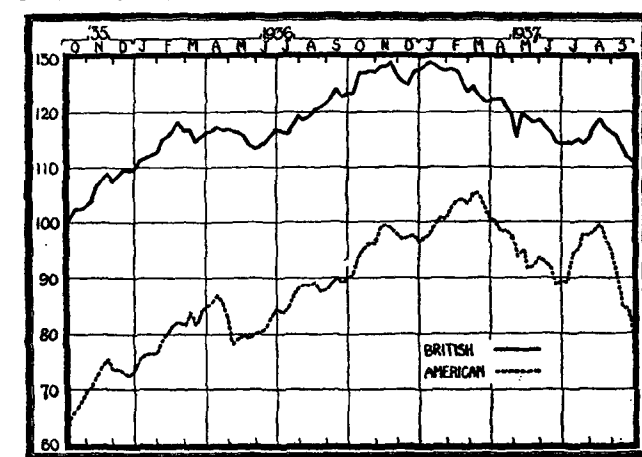
Investment Notes

Course of Share Values.—The past month has brought a profound change in market sentiment. Prices were definitely on the down-grade before the end of August, but reputable investment counsellors could still reconcile with their conscience the giving of advice about an autumnal recovery. To-day, such counsel, even if it were given, would be unheeded. The continued fall has left sentiment thoroughly deflated, and many speculative positions which looked healthy enough two or three months ago are a source of widespread uneasiness now. Our customary chart, given on this page, brings out the significant fact that although Wall Street has declined at least twice as fast as London, equity share values in both

BRITISH AND AMERICAN INDUSTRIAL SHARE VALUES DURING THE PAST TWO YEARS

(1928 = 100)

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



markets are more or less where they were in the spring of 1936. A month ago, Market Enemy No. 1 was believed to dwell with the rising sun, in the East. To-day, the tendency is to locate him in the West, though whether his name is Roosevelt or Douglas or Dow is not quite clear. Actually, the fact that both markets have reached approximately the same relative point in their recession, and that both seem equally at a loss to discover a really convincing explanation for their malaise, seems to suggest a deeper cause common to both.

* * *

The suggestion that "speculative" forces, in the popular sense, are responsible hardly squares with the facts. In London, one would not look for a widely extended position after nine months of persistently declining markets. In America, the complaint is that markets are too "thin"—in other words, that there has been too little speculation. Further, the 55 per cent. margin rule in America is rigidly enforced when prices are rising and commitments are being enlarged, but the decision to close when a fall has reduced the cover below 55 per cent. is left to the discretion of individual lenders. Some of the technical factors in London's present position are discussed in the succeeding Note. Taking a longer view, it seems difficult to resist the conclusion that the stock markets—and the commodity markets—are discounting future developments in national and international trade activity whose importance is primary and not secondary. To speak quite frankly, the past month's events suggest that many people have reluctantly accepted in September what they refused to believe in

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August—that a cyclical check to rising economic prosperity is likely to occur within the next few months. Fears may be liars, but the odds against complacency have lengthened.

The Technical Position.—A fortnight ago some market observers were still confident that despite Wall Street's collapse the technical position of the London market was sound. Heavy differences on international securities, it was said, were no concern of the London Stock Exchange. For reasons suggested in the preceding Note, however, the apostles of London's isolation are less in evidence to-day. Their present doubts are more reasonable than their former unconcern. No investment lesson has been more conspicuously underlined this year than the close inter-relation of the world's security markets. If Wall Street is on the verge of panic, trouble for London follows automatically. The notion that the two centres are insulated because they do not trade on the same floor will not bear a moment's examination. London's anxiety this week, therefore, is readily comprehensible. To give a single instance, U.S. Steel were taken at \$91 for the last make-up and are now no higher than \$83½. The speculative carrier of 1,000 shares must therefore find £1,500 to cover the depredations of the past fortnight alone. Losses of this order inevitably produce forced realisation of other securities, from which neither London nor Amsterdam and Paris is immune. Another unwelcome sign of the speculative aftermath is evident in the sharp break on the metal markets this week. In the spring, metals attracted the same type of operator as American securities, and much of the current weakness on the metal and stock exchanges appears to emanate from common sources. It is not surprising that rumour has played freely this week with the names of well-known broking and jobbing houses. Gossip in these matters almost invariably proves unreliable, but it is symptomatic. Clearly, technical weakness must be expurgated before the markets find a resistance point. It may well prove a matter of months rather than weeks. In the meantime, a series of delaying actions by the rearguard is all that can be hoped for.

Anglo-U.S. Taxation.—After collapsing last week-end, Wall Street has tried to stiffen its morale this week, though with no conspicuous success. In falling markets, there is no shortage of whipping boys, and Mr Morgenthau's announcement that his discussions with Sir Frederick Phillips included the possibility of a reciprocal taxation agreement added to their number. We discuss the broad implications of the talks on page 24. The market assumed that the discussions contemplated the control of "hot money" by taxation measures, and interpreted the news as a bear point. The two parties, however, would presumably also consider the prevention of tax evasions and anomalies of double taxation which now exist. The present position of Anglo-U.S. taxation, indeed, is somewhat anomalous, and a proper agreement on the lines of our agreements with the Dominions would be welcome. The Inland Revenue authorities collect tax on the investment income of aliens, merely by the deduction of tax at the standard rate at source. Any surtax payable by these non-residents is generally lost, but the bulk of the income tax due is easily collected. The U.S. Treasury, however, cannot employ this device, since no standard rate of income tax exists. Income tax is collected from the ultimate recipient of income. Thus, by establishing investment companies outside the United States, American investors can escape tax, for the authorities have never been able to force non-residents to make income and surtax returns, since the ultimate sanctions of the law could not be applied. Thus, the U.S. Treasury loses tax due from American nationals, in addition to tax upon American incomes owned by foreigners.

Mr Morgenthau has therefore introduced the withholding tax, which is analogous to the British system of tax deduction at source. From all dividends payable to non-

resident investors, a tax of 10 per cent. is deducted—a rate which corresponds to the effective levy on an income of \$21,600. Foreigners with lower incomes from U.S. investments are therefore taxed too highly. Non-residents with larger incomes are required to file an American tax return and pay income tax, surtax and capital gains tax, but this requirement is in practice inoperative. Earlier this year, Mr Marriner Eccles proposed that the withholding tax be raised to 22½ per cent. or 25 per cent., and it is possible that this rate may be imposed. If a level of 25 per cent. implied that the average non-resident had to pay a higher rate than an American citizen enjoying the same investment income, its introduction would represent differential taxation of a pernicious kind. There is insufficient information available, however, to show where the "just" level of withholding tax lies. More significant for the British holder of American securities, however, is his present liability to double taxation, since he pays British income tax upon his net American income. The gain to the British investor of a reciprocal tax agreement, therefore, would completely offset such an increase in the withholding tax. Any agreement to avoid double taxation would involve a loss to the British Treasury—perhaps £2,000,000 at most—which would be partially offset by the exchange of tax information. To the U.S. Treasury, even without an increase in withholding tax, the benefits of an agreement would obviously be substantial.

Hungarian State Loan.—An unique situation has arisen from the recent negotiations of the League Loans Committee with Hungary for a permanent settlement of the service on the League Loan of 1924. At the end of June the Committee announced the terms for future service, which were set out in our issue of July 3rd (page 26). They have been amplified this week by a memorandum outlining the future security of the loan. Interest will be reduced to 4½ per cent. on the 7½ per cent. bonds and from August, 1940, a 1 per cent. sinking fund will operate. These are substantial concessions by the creditors, in view of the status of the loan and of Hungary's greatly improved economic position. In reaching agreement on these lines, the League Loans Committee presumably felt that to accept 60 per cent. service would be more to the creditors' long-term advantage than to attempt to impose the transfer of, say, 80 per cent. of the service—a figure probably within Hungary's capacity at present. The loan, however, is secured by a general bond, under which the Council of the League of Nations appoints three trustees (Sir Henry Strakosch, Signor Bianchini and C. E. Ter Meulen). The bond provides for the deposit of sufficient cash with the trustees to cover a half-year's full service, and gives the Council power to re-establish full financial control if the service becomes endangered. Until August, 1933, coupons were met in full, with the help of the reserve fund, but since then only half interest has been paid. The trustees have issued a protest against the permanent settlement which the League Loans Committee has reached, on the grounds that it reduces the rate of interest throughout the extended life of the loan, discontinues the payment of pledged revenues to the trustees and makes no provision for payment to holders who do not accept the offer. The trustees are clearly justified in making their protest, but the League Loans Committee evidently chose to put expediency before the letter of the bond.

Preference versus Ordinary Shares.—Last week the directors of Petters, Ltd., published a scheme to reduce the dividend payable on the £200,000 of 7½ per cent. cumulative preference shares from 7½ per cent. to 5½ per cent. in return for one quarter of the equity. Their further circular, issued this week, reveals no new facts, but has two remarkable features. It openly refers to the preference dividend as a "charge." And it definitely informs shareholders that, if they do not accept the directors' terms, the company will be liquidated, in

order that its successor may have the desired capital structure. The scheme, in fact, is the latest of many which bear witness to the revolt of ordinary shareholders against the tyranny of perpetuity. Investment theory has long been sceptical of the ultimate merits of preference shares as such. The preference shareholder is debarred by his contract from sharing in the fruits of prosperity, while in adversity his dividend arrears are not merely unpaid but actually serve to whet the appetite of those who would worsen his position. But the decline in interest rates in the last five years has introduced a new and troublesome psychological factor into the equation. Preference shareholders, like ordinary shareholders, are partners in the division of industrial earnings. In no sense are they holders of a charge on profits. But they commonly have no voting rights and are tactically at a disadvantage in skirmishing with those who hold control.

Recently, there have been many schemes designed to enable redeemable debentures to be converted to lower rates of interest. In these circumstances, the finality of the preference shareholder's dividend rights are irksome to the directors of prosperous companies, and, apparently, intolerable to those whose ordinary shares are dividendless. By pure coincidence, the disclosure of the Petters' proposals came on the same day as the announcement of a conversion of the 6 per cent. debentures of another company—Tredegar Iron and Coal—to a 4½ per cent. basis. Resentment of an apparent anomaly is human, but the law of contract is a divinity which hedges all business dealings. And the anomaly is only apparent and not real. The justice of asking preference shareholders to accept sacrifices in order that ordinary shareholders may receive dividends earlier in bad times would be more apparent if ordinary shareholders were accustomed to ask their preference colleagues to join them in celebrating good times. They may naturally be impatient when they are receiving nothing and preference holders are receiving 7½ per cent.—though more often, at such times, both classes are obtaining *nil*. But if preference holders asked for a little more, at a time when ordinary dividends were 15 or 20 per cent., they would certainly be told that those who make beds must lie on them. The moral may conceivably be that the preference share is an unduly rigid instrument of company finance, particularly for enterprises whose profits are subject to extreme fluctuation. Wider adoption of the redeemable preference share might overcome some disadvantages; but there will always be an element of inexpediency and illogicality in a share which is excluded alike from participation in prosperity and from protection against adversity.

Company Notes

Obscuritas in Excelsis.—Lives there the man who still believes that no company's financial position can be unknown so long as it conforms to the accounting requirements of the Companies Act? If such there be, let him consult the report of Ranks, Limited, and hereafter for ever hold his peace. The latest balance sheet has three items on the assets side, totalling £7,813,515. One of these is shares in Joseph Rank, Ltd., "at cost"; it stands at £7,295,593, and represents 93 per cent. of total assets. Out of total receipts during the past year, some £892,275 is derived from dividends and £1,072 from transfer fees and interest—the last two items being separated with what is surely supererogatory zeal. That, the company evidently believes, is all that shareholders know and all they need to know. The profit of the operating company, of course, is higher than the dividend paid to the holding company; the latter merely covers, with £60,000 to spare, the 18 per cent. distribution which the directors are recommending. Not even the directors' fees are disclosed—presumably all are salaried directors or are possibly paid by a sub-subsidiary. Although the security for Ranks shares is the equity of Joseph Rank, Ltd., no vestige of information is dis-

closed, either in the accounts or in the report, about the operating company, save that it has made reserves which the directors consider sufficient. Can it be maintained in this year of grace that accounting obstacles prevent the publication, with the holding company's report, of the accounts of Joseph Rank, Ltd., at the very least? Other equally important concerns experience no difficulty in this respect, and an increasing number provide full consolidated earnings statements. Or is it suggested that the conditions of the milling trade are such that the leading concerns must conceal their trading and stock positions from each other? In other respects they act with effective co-operation. In any case, the competitive argument against reasonable disclosure is much blown upon in these enlightened days. And this year, in particular, there are reasons why shareholders in Ranks, Ltd., should have extended information. They have recently provided increased capital towards financing "additional interests and stocks of increased value" to the extent of £4 millions. How is this sum divided between fixed and current assets? How does the wheat market situation affect the company? And how will dividend policy be determined in future on the increased capital? Shareholders should press for answers to these questions next Wednesday, and for fuller information in future years.

Rhodesian Copper Dividends.—The Mufulira and Rhokana dividends have not enjoyed a favourable market setting this week. With copper breaking below £47 in London and the United States domestic price twice cut to 12c. per lb. on the extraordinary fall in September demand, even the best declarations would have been damped. In fact, neither distribution is exciting. Rhokana's final payment of 37½ per cent. makes a total dividend of 62½ per cent. for the year, compared with 17½ per cent. for 1935-36. But on the preliminary estimate of profits issued last July (£2,070,000) earnings of 82 per cent. were shown for the ordinary,

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and this figure excludes some £143,000 gross which Rhokana will receive from the maiden Mufulira dividend of 3s. per share—covered probably with rs. 6d. margin—on £2,988,873 of share capital. Rhodesian Selection Trust, which holds a 64 per cent. interest in Mufulira, should receive about £287,000 gross—a figure which suggests potential earnings of 11 per cent. on the increased R.S.T. capital—and a maiden dividend. The 5s. shares, however, are still quoted at 20s. which discounts the future potentialities of Mufulira to a degree. Rhokana, at 10½ after Wednesday's sharp fall are now on a dividend basis of over 6 per cent. when allowance is made for dominion income tax relief. Rhodesian Anglo-American which holds 54 per cent. of the Rhokana capital, pays 15 per cent. against 5 per cent. With copper stocks tending to rise, a weak United States market, and a maximum price, seemingly of £50, the copper outlook is clearly less encouraging. Shareholders still have one important bolt in their locker—the possible reimposition of restriction. But that may be fired before their companies' current year has run its course.

Colliery Company Results.—Accounts of coal companies published this year have sometimes made a mixed showing, but the long period improvement is clear. Where progress has occurred, it has usually been substantial. Continued expansion of industrial demand has offset the rising tendency of costs with a good deal to spare and labour troubles have died down. Despite some recovery in exports (shipments from January to August, 1937, were 26,226,000 tons, against 22,389,000 tons a year ago), export trade is still far below pre-depression levels. Its importance is dimmed, moreover, by the apparent success of the Central Selling Scheme, which commenced in August, 1936. Various companies have attributed part of their increased profits to better prices obtained under the scheme. It is significant, however, that at the Manvers Main Collieries meeting last Tuesday, Mr F. C. Hunter pointed out that the scheme depended as much on co-ordination between districts as on the work of the separate organisations. Colliery results have, at any rate, been among the more interesting of the many good reports published in the past month. The following table sets out comparative profits for a selection of companies:—

Company (accounts to June 30)	Total profits	Deprecia- tion	Earned for Ordinary	Ordinary		Present	
				Earned %	Paid %	Price per £1 share	Yield %
Manvers Main:—						s. d.	£ s. d.
1935	137,177	51,992	67,784	11.2	4½	24 6	4 9 9
1936	106,014	29,238	54,898	8.9	4½		
1937	160,323	49,078	84,391	12.2	5½		
Barrow Barnsley:							
1936	72,201	20,000	20,537	6.2	6	35 3	5 13 6
1937	116,820	25,000	58,053	19.9	10		
Hilton Main:—							
1935	19,842	*	12,843	7.9	5	42 6	6 7 0
1936	53,484	*	42,172	26.3	15		
1937	50,305	*	36,352	19.3	18½		
Cannock Assoc.: 1937†	177,568	*	141,181	11.3	10	34 9	5 15 3

* Profits shown after depreciation. † Six months only. ‡ Period from June 4, 1936.

The increase in Manvers Main dividend may seem modest, but the company spends considerable sums on modernisation, and even after providing £20,000 more for depreciation, the whole of the excess of earnings over payments (£40,391) is used towards writing off expenditure on pits. The current position, shown in the balance sheet, is somewhat improved, but the excess of liabilities still amounts to £102,000, against £141,000 a year ago. Barrow Barnsley have made an equally conservative distribution, £75,000 being set aside to start a general reserve, while as much as £43,254 has been spent during the financial year on improvements to properties and plant. A small setback in Hilton Main earnings is due to a lower output following technical troubles in the South

District, and the reserve provision, repeated at £10,000, also represents a substantial part of total profits. The first year's working of Cannock Associated Collieries has produced a 10 per cent. dividend, though the co-ordination of the different collieries which the parent company was formed to amalgamate is far from complete.

Outlook for Rubber Shares.—As the market expected, last Tuesday's meeting of the International Rubber Regulation Committee was followed by no announcement of any change in the present 90 per cent. export quota. It was, indeed, believed that it was too late to change the percentage for the current year, and that any decision regarding the quota for the first part of 1938 would be premature. But the mere fact that a reduction in the quota had been canvassed is symptomatic of the profound change that has come over markets during 1937. For the present position of rubber, the situation in the United States is held responsible. Nor is actual experience encouraging. Of the world consumption of raw rubber the United States takes over half, and three-quarters of her consumption, in turn, is used in tyres—the production of which, however, is not proportionate to that of automobiles. But from January to July, 1937, the absorption of rubber by the United States rose by only 7 per cent. compared with 1936 (the whole increase occurring in the first quarter), while British consumption rose by 20 per cent., and in other importing countries by 26 per cent. In the meantime, the rise in profits of rubber companies has been among the most striking in the whole field of investment. We show below the recent earnings record of four companies whose results have lately been published:—

Company (and Date of Accounts)	Total Profit†	Ordinary Shares			Present	
		Earned	Earned	Paid	Price and Denom.	Yield(%)
Malayalam Plantations (Mar. 31)—					s. d.	£ s. d.
1935	128,274	81,071	5.5	5	36 3	5 14 3
1936	208,820	132,740	9.4	8	(£1)	
1937	271,609	198,186	14.2	10		
Tandjong Rubber (June 30)—						
1935	8,088	6,515	2.6	2½	28 3	7 12 0
1936	17,928	15,330	6.5	5	(£1)	
1937	35,482	27,595	11.4	10		
Broome Rubber (June 30)*—						
1935	9,147	6,267	10.0	10	8 10½	8 3 6
1936	13,557	7,275	8.2	8½	(2s.)	
1937	34,390	26,717	19.1	15		
Bajoe Kidoel (Mar. 31)—						
1935	14,902	12,913	5.2	5	28 9	6 19 3
1936	5,315	3,358	1.8	3	(£1)	
1937	27,341	25,340	10.2	10		

† After estate and selling expenses. * Share capital at June 30: 1935, £81,145; 1936, £163,738; 1937, £188,378.

In two cases the profits figures understate the rapid recovery made by rubber producers, for nearly 70 per cent. of the gross sales receipts of Malayalam Plantations come from tea, and the Bajoe Kidoel results are affected by the unremunerative coffee production. Nor has the whole increase in profits been passed on in dividends, for Malayalam have placed £50,000 to reserve against £20,000, and Tandjong have allocated £6,200 to depreciation instead of £1,100. The recent trend of consumption in the United States, and this week's break in the commodity to the lowest level this year are disappointing to rubber shareholders, for current yields clearly imply hope of further improvement.

Other Rubber Results.—Rubber shares must continue heavy so long as Mincing Lane is depressed and rubber at 8½d. A summary of further rubber company reports is the only source of cheer for the rubber shareholder. Results comparable with those of the large producers (dealt with in the previous Note) are reported by Kulim Rubber, whose dividend is raised from 5 per cent. to 12 per cent. This concern shows sales and stock of rubber at £39,503 for the year to June, compared with £23,340 for the previous

period, the average price rising from 7.01d. to 8.77d. per lb., London landed terms. Bantam (Java) and Langkapoera (Sumatra) are among the larger rubber companies whose reports have been issued recently. The former company discloses very satisfactory profits of £28,996, which cover the 15 per cent. dividend (against 6 per cent.) with a good margin. The latter concern has increased its net profits steeply from £2,527 to £12,537, and the 10 per cent. distribution absorbs only two-thirds of the available earnings. Within the next six months the International Rubber Committee must communicate to the signatory Governments whether and on what terms restriction should be continued after 1938. Further market uncertainty may be revealed towards the end of this period, but on the basis of the present quota the increase in production during the current year may enable efficient companies to maintain their recent level of profits, provided that Mincing Lane soon finds a resistance point. If it fails, shareholders will begin to look for help from a tightening of restriction.

Other Company Results.—Other reports available this week include some interesting reports from industrial companies of moderate size—many of them presenting their first accounts. Our usual analysis of profit and loss accounts appears on page 48, and the results are discussed on page 37, under the heading "Shorter Company Comments." The report of Austin Motor Company discloses an increase in gross profits from £1,496,696 to £1,665,125. Net profits are £87,004 higher at £877,077, and the 50 per cent. dividend, already announced, is covered by earnings of 78 per cent. A total of £207,046 is set aside to capital and general reserve, increasing the funds to £1,100,000. Pressed Steel announces a dividend of 14 per cent., less tax, compared with 10 per cent., tax free, or 13½ per cent. gross. Some 552,545 new 5s. ordinary shares are to be offered to shareholders at par in the proportion of 1 in 5.

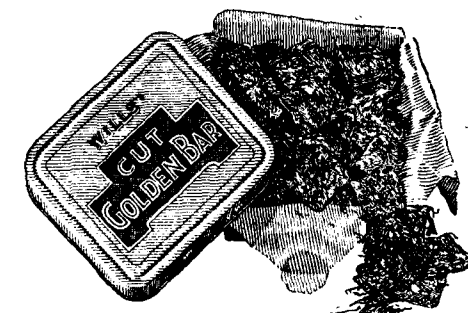
Company Meetings of the Week.—Reports of company meetings commence on page 38 of this issue. In his address to *City and International Trust* members, Mr Louis H. Kiek analysed the trust's portfolio. Interests in Great Britain and the Dominions had increased to 47.2 per cent., while nearly half the investments were in equities. At the *Allied Industrial Services* meeting, Mr W. H. Rhodes ascribed the higher profits to an increased demand for certain services, combined with more extensive equipment for handling a larger volume of business. Our reports include those of two rubber companies. Mr Walter Hillier told *Tangoel Rubber Estates* shareholders that the average price realised amounted to 9½d. per lb. London equivalent, while costs were moderate. It was explained by Mr H. M. Graham at the *Johore Rubber Lands* meeting that the decrease in the rubber crop was due in part to a change in their system of tapping. The increasing uses of diatomite for insulating and industrial purposes were discussed by Mr Frank S. Russell at the *International Diatomite* meeting. In particular, developments had been encouraged by recent advances in the price of coal. The importance of scrap iron to the industry of this country was discussed by Mr Joseph Ward at the *Thos. W. Ward, Ltd.* meeting. A coherent policy had at last been devised. A review of the manifold activities of *Carrier Engineering Company* was given at the annual meeting by Mr S. L. Groom, who pointed out that the fact that their business was diversified would enable their production programme to be carried out economically under any conditions of trade. The re-armament programme had so far contributed only 12 per cent. of turnover. Otherwise their business might best be described as that of thermal engineers, for apart from air-conditioning units the company's products ranged from refrigerating machines to heat distributing plants.

GOLDEN MOMENTS

Football

The whistle starts the first game of the season. Leading his side as he did in the Spring he takes the opposing backs by surprise and slams the ball into the net before the game is a minute old—the first goal scored in the season.

What a Golden Moment it must be for him! But even he cannot smoke a better tobacco at a shilling an ounce than Cut Golden Bar.—But it must be Wills's!



2 oz. vacuum tin

WILLS'S

CUT GOLDEN BAR

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

1/-
AN OUNCE

Issued by The Imperial Tobacco Company (of Great Britain and Ireland) Ltd. C.B. 908.

THE WEEK IN THE MARKETS

THE STOCK EXCHANGE

SETTLING DAYS

TICKET: OCTOBER 5

ACCOUNT: OCTOBER 7

WITH fears rather than business to occupy its hands, the London Stock Exchange has passed an uneasy week. Rumour has been rife and the market will be relieved if the next settlement is successfully surmounted. But many stocks which stood on apparently firm ground even after the N.D.C. crisis are still falling in the—apparently—bottomless pit. Wall Street's slump of one day is London's trial the next, and with signs of speculative weakness in the commodity markets, the "House" is in no mood for further ordeals, though it fatalistically accepts their possibility. Although dealings opened with signs of greater steadiness—some industrials were rather higher on Monday and Tuesday—the improvement has since been wholly lost, and nervousness is prevalent.

Even the gilt-edged section was uncertain at the close on Wednesday. The resumption of corporation borrowing may have been responsible in part, but there was, in fact, some further selling of the Funding 2½ and 2½ per cent. issues. The market's policy of switching from dated issues into "longs" in order to profit from current yields argues a conviction regarding the future of low interest rates which was not very widespread before the new issue holiday. New Zealand issues improved on the budget statement, and corporation scrips were not greatly moved by the resumption of new issues.

Interest in the foreign market was concentrated upon Far Eastern bonds. Chinese bonds (whose cover is discussed on page 26) were in short supply, and rose on persistent demand. Japanese issues reflected uneasiness regarding the financial position, and Brazilian bonds fluctuated within narrow limits, on the whole tending lower.

Home rails recovered appreciably early in the week, with rises of half a point. The group, however, was affected by the general mid-week disturbance in the market, and ignored the satisfactory traffics. London Transport "C" stock was weak on a further fall in receipts, and concern regarding future earnings prospects. An early improvement in the Argentine rail market, in anticipation of the dividends, was not maintained.

Industrial shares passed a very confused and uncomfortable week. With few intermittent exceptions prices tended downwards, with a culminating break on Wednesday. Thursday's apparent steadiness was not more than the halt of a dazed and retreating army. Last week's misfortunes have left their mark, and the extraordinary behaviour of trans-Atlantic issues is unsettling London. They slumped badly on Friday and Monday, revived on Tuesday and crumbled away once more on Wednesday, U.S. Steel leading all these movements. Cable and Wireless have been flat throughout the week. The Coal and Iron and Steel groups also proved reactionary, although particular shares improved at times, among them Ocean Coal, Firth Brown (on a higher interim), Lambeth (on hopes of a rise in dividend), Sheepbridge and a few others. Electrical equipment shares have been among the firmer groups, but there has been little business among the supply shares. Motors and aircraft were weak, together with shipping issues.

Harrods B.A. were conspicuously better among stores issues, and Marks and Spencers particularly poor. Breweries, tobacco and provision shares staged a rather hesitating rally on Tuesday, but they followed the same trend as the majority of markets on other days. Textiles and rayon shares have been definitely dull. Movements in the miscellaneous department defy generalisation. The most interesting has been the strength of Ranks on the report. The only consistently bright corner has been in the banking and insurance groups which have faithfully followed the upward tendency in gilt edged.

Some firmness has been evident in the oil market, so far as this applies to any section dependent upon American influences. Business has been small throughout. Recovery started on Monday with sharp buying of Eagle issues and Anglo-Iranian, and continued on the two following days with Paris buying of internationals, especially Shell and Royal Dutch. Trinidad Leaseholds were weak pending the accounts, now due next month. Most of the gains were wiped out on Wednesday.

Rubber and tea shares have been extremely idle and generally weak. The collapse of rubber prices to the lowest levels of the year gave rise to some precautionary marking down of quotations. The mining markets were also flat late in the week following the break in metal prices. Kaffirs and diamond shares which had done distinctly well earlier lost many of their gains, and the whole Rhodesian group fell as a result of disappointment with the Rhokana dividend.

"FINANCIAL NEWS" MARKET INDICATORS

	Sept. 23	Sept. 24	Sept. 27	Sept. 28	Sept. 29	Sept. 30
Approximate total of bargains recorded in S.E. List	6,890	7,215	7,715	8,575	7,825	6,485
Corresponding day 1936	9,157	10,008	12,097	11,666	10,127	10,766
Security Movements						
Index of 30 Ordinary Shares (July 1, 1935=100)	108.0	107.4	107.4	107.6	106.4	106.4
Index of 20 Fixed Interest Securities (1926=100)	126.5	126.6	126.6	126.6	126.7	126.7

Highest 1936: Ordinary Shares 124.9 (Nov. 18); Fixed Interest 138.8 (Feb. 10).
Lowest 1936: Ordinary Shares 107.4 (Jan. 2); Fixed Interest 136.2 (Sept. 23).
Highest 1937: Ordinary Shares 124.8 (Jan. 4); Fixed Interest 136.6 (Jan. 4).
Lowest 1937: Ordinary Shares 105.6 (Sept. 20); Fixed Interest 126.0 (Sept. 8).

ACTUARIES' INVESTMENT INDEX

THE Actuaries' Index of 177 industrial ordinary share prices, standing at 80.6 on Tuesday last, showed a fall of 2.8 points from 83.4 registered a month earlier. Over one-third of the substantial decline which has taken place since September, 1936, when the index stood at 88.2, has occurred in the past month alone. Though the corresponding yields have risen—the figures are 4.52, 4.36 and 3.62 per cent., respectively—they have not increased in inverse proportion. Gilt-edged stocks, on the other hand, have been stable during the past month. The recent decline in prices has been widespread, as the selected indices demonstrate below. The usual monthly particulars of fixed interest securities are also included.

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yield (%)		
	Year ago (Sep. 29, 1936)	Month ago (Aug. 31, 1937)	This week (Sep. 28, 1937)	Year ago (Sep. 29, 1936)	Month ago (Aug. 31, 1937)	This week (Sep. 28, 1937)
	(1936)	(1937)	(1937)	(1936)	(1937)	(1937)
Fixed Interest:—						
2½ Consols (1)	150.9	131.4	131.8	2.95	3.39	3.38
Misc. Industrial deb. (20) ..	125.6	121.3	121.2	3.93	4.09	4.10
Misc. Industrial pref. (47) ..	122.8	117.1	116.5	4.18	4.44	4.45
Ordinary:—						
Building materials (5)	107.1	89.3	85.8	4.64	6.08	6.33
Coal (7)	111.4	128.0	123.3	3.22	3.66	4.06
Cotton (6)	42.3	46.1	42.8	2.09	2.32	2.40
Iron and steel (12)	80.1	77.8	75.8	3.78	4.96	5.11
Motors (5)	58.1	51.1	48.3	4.07	4.77	5.06
Oil (5)	90.4	95.7	92.0	3.01	6.79	7.09
Electric supplies (10)	150.2	149.0	140.7	3.61	4.31	4.49

OVERSEAS STOCK EXCHANGES
NEW YORK

BUSINESS closed last Saturday with industrials a fraction higher than Friday's close—the lowest level recorded this year. Prices have oscillated widely in each day's trading this week, but the general trend has been upward, with trading on a substantial scale. Monday opened with a slight advance on Saturday's close, followed by a sharp decline in the first hour, and a subsequent advance which left prices \$4-\$5 higher on the day. This movement was assisted by the Federal Reserve Board's action to widen the basis of credit by making various kinds of commercial paper, including bills issued on real estate and hire-purchase transactions, eligible for rediscount. Tuesday closed with prices above the opening but below the best, and Wednesday saw a first hour relapse followed by renewed buying and a good advance in prices. Copper issues naturally resisted the improvement since the commodity price has been reduced by 2 cents to 12 cents per lb. Several industrialists have declared that there is no justification for expecting a further industrial setback. Iron Age estimates steel mill activity for the current week at 74 per cent. of capacity against 76 per cent. for last week. Freight car loadings for the week to September 18th were the highest for any week since 1930. Most business indices bear out the warning of the industrial spokesmen against undue pessimism, though steel and tinplate are not favourable. The bond market has moved in sympathy with stocks.

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

	1936		1937		Beginning of Year 1937	Sept. 15, 1937	Sept. 22, 1937	Sept. 29, 1937
	Lowest Apr. 29	Highest Nov. 10	Lowest Sept. 29	Highest Mar. 10				
347 Industrials ..	112.7	145.9	117.4	155.7	145.2	124.9	120.7	117.4
32 Rails	42.8	80.2(b)	40.2	64.5(f)	54.6	40.9	41.5	40.2
40 Utilities	91.2	111.0(e)	86.5	116.4(f)	111.7	89.2	87.1	86.5
Total, 419 Stocks	97.7	125.4	99.7	132.4	123.5	105.8	102.2	99.7
Average yield* ..	4.50% High (c)	2.85% Low (e)	5.29% High	3.20% Low (f)	3.53% High	4.96% Low	5.14% Low	5.29% Low

* 50 Industrial Common Stocks. (a) April 8th. (b) Oct. 14th. (c) December 22nd. (d) December 2nd. (e) March 17th. (f) February 10th. (g) January 15th.

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

Highest*	Lowest†	Sept. 22	Sept. 23	Sept. 24	Sept. 25	Sept. 27	Sept. 28	Sept. 29
180.3	128.1	143.3	134.6	129.0	128.1	133.2	134.2	134.9

* March 6th.

† September 25th.

TOTAL DEALINGS IN NEW YORK

	Sept. 23	Sept. 24	Sept. 25*	Sept. 27	Sept. 28	Sept. 29
Stock Exchange—						
Shares (No. Thous.) ..	890	2,480	1,470	2,210	1,310	1,350
Bonds (Thous. \$) ...	6,080	9,750	6,440	9,800	7,570	7,440
Curb—						
Shares (Thous.) ...	204	590	410	465	303	300

* Two-hour session.

	Sept. 22, 1937 (Close)	Sept. 29, 1937 (Close)	Sept. 30, 1937 (Latest)		Sept. 22, 1937 (Close)	Sept. 29, 1937 (Close)	Sept. 30, 1937 (Latest)
1. Rails & Transport				Western Union	33½	33½	33½
Atchafalpa	61½	58½	59½	Radio	9½	9½	10½
Balt. and Ohio	19½	17½	18	Radio B. Pref. New ..	68½	67½	...
B.M.T.	13½	12½	13	2. Extractive and			
Can. Pac.	10	9½	9½	Metal Industries			
Ches. and Ohio	42½	39½	43½	Am. Rolling Mills ...	32	31½	32
Gen. Elec.	41½	39½	40½	Beth. Steel xd	75	70½	71½
Illinois Central	17	30½	...	Beth. Steel Pref. xd ..	109	103½	106½
N.Y. Central	29	27½	28½	Republic Steel	27	25½	25½
Nor. Pac.	21½	20½	20½	U.S. Steel	89½	82½	83½
Pennsylvania R.R. ...	32	30	30	U.S. Steel Pref.	122½	124½	126½
Southern Pac.	33½	32½	33½	Alaska Juneau	10½	10½	11½
Southern Ry.	21	19½	20½	American Metal xd ..	43½	38	37½
Union Pac.	108	107	108½	American Smelting ..	73½	xd79	79
Greyhound Cp. New ..	12½	12½	13½	Anaconda	42½	37½	38
3. Utilities and				Bohn Aluminium ...	37½	34½	35
Communications				Cerro de Pasco	55	52½	54½
Am. Waterworks ...	15½	14½	14½	Int. Nickel	54½	51	46
C. & S. Stern	2	2½	2½	Pat. Mines	13½	12½	...
Cons. Gas of N.Y. ...	32½	31½	31½	Texas Gulf Sulph. ...	34½	33	33½
now Cons. Edison ..	10½	9½	9½	U.S. Smelt.	76½	79	79xd
Col. Gas & Electric ..	13½	13½	13½	Vanadium Corp.	25	22½	23½
Elec. Bond & Share ..	8½	8½	8½	Atlantic Refining ...	25	23½	25
Nat. Pwr. and Lt. ...	22½	21½	21½	Phillips Petroleum ...	49½	50½	51
North American	28½	27½	27½	Shell Union	21½	21	21½
Pac. Gas & Electric ..	39	39	40	Shell Union Pref.	104½	103	104
Pac. Lighting	37½	37½	39	Socoony Vacuum ...	18½	18½	18½
Pub. Service N.J. ...	67½	67½	67½	Stand. Oil Calif.	38½	37	37
Stan. Gas & Elec.	4½	4½	4½	Stand. Oil N.J.	58½	57	57
United Corp.	11½	11½	11½	Texas Corp.	50½	51	51½
United Gas Imp.	163½	163½	163½	4. Manufacturing			
Am. Tel. & Tel.	8½	7½	8½	Briggs	36½	32½	33½
Int. Tel. and Tel. ...	8½	7½	8½	Chrysler	95½	91½	92½

	Sept. 22, 1937 (Close)	Sept. 29, 1937 (Close)	Sept. 30, 1937 (Latest)		Sept. 22, 1937 (Close)	Sept. 29, 1937 (Close)	Sept. 30, 1937 (Latest)
Electric Autolite	31½	31½	32	Celanese of Amer.	30½	29½	30½
General Motors ...	50½	49½	49½	Ind. Rayon Newxd ...	32	30½	30½
Hudson Motor Car ..	11½	11	11½	Colgate Palmolive ...	14½	14½	14½
Murray Corp.	9½	8½	8½	Eastman Kodak	177	175½	175
Nash-Kelvinator	15½	15	15½	Gillette	12½	12½	12½
Packard Motor Car ..	7½	7½	7½	Lambert Co.	17½	16½	16½
Bendix Aviation	16	15½	15½	Loews	72½	71½	72½
Boeing Airplane ...	25	25½	26	20th Century Fox ...	30½	29½	29½
Douglas Aircraft ...	35½	37½	38½	5. Retail Trade and			
United Aircraft ...	22½	20½	21½	Food			
Air Reduction ...	63½	63½	66½	Montgomery Ward ...	48½	49½	49½
Allied Cheml.	192	194½	199	J. C. Penney Co.	86½	85½	86
Col. Carbon	102	97	100	Sears Roebuck ...	78	76½	76½
Comm. Solvents ...	11½	10½	10½	United Drug	94	84	84
Dupont	149½	146	146½	Walgreen	24½	23½	24½
Union Carbide	89	90	90½	Woolworth	43½	42½	42½
U.S. Ind. Alcohol ...	28	26	26½	Borden	22	21½	21½
Allis Chalmers	57	56½	56½	Gen. Foods	34½	33½	34½
General Electric ...	45	45	45½	Kroger Grocery	18½	18½	18½
Westinghouse	122½	121½	122½	Nat. Biscuit	23½	23½	23½
American Can.	97½	97½	101	Nat. Dairy	17½	17½	17½
Addressograph ...	27½	24	...	Standard Brands. ...	11	10½	10½
Caterpillar	89½	79	79	Am. Tobacco B.	75	77½	78½
Cont. Can.	54½	52½	54½	Liggett Myers B. ...	93½	91½	93½
Ingersoll Rand ...	115	113½	...	Lorillard	20	19½	19½
Int'l. Harvester ...	95½	94	97½	Reynolds Tob. B. ...	50	49½	49½
Johns-Manville ...	105	103½	104	National Distillers ..	28½	27½	27½
Am. Radiator	15½	15½	15½	Schenley Distillers ..	36	36½	37
Corn Products	59½	58½	58½	6. Finance			
J. I. Case and Co. ...	140	132½	135	Commercial Credit ...	52½	52½	3
Glidden	34½	33½	33½	Atlas Corp.	13½	xd12½	12½
Gen. Am. Transp. ...	50	51	51	Com. Invest. Trust ...	52½	54½	55
Allied Mills	18	18	18½				

PARIS

PARIS has been affected, like other centres, with the break on Wall Street, but offered a fair resistance and reasonable steadiness. Domestic industrial securities were firm almost throughout the month. The various decrees issued at the end of the previous month were well received, while the reduction of the bank rate and M. Bonnet's broadcast speech also assisted the market. The franc's further slide depressed rentes, however, and a bad break occurred at the end of September. The smaller losses which had accumulated in previous weeks were, nevertheless, considerable. A good deal of interest was taken in Internationals, but the escape from monetary instability was not easy in view of the trends in New York, Amsterdam, and London. Despite the weakness of rentes, however, the Bourse showed a fairly firm tone at the end of the month.

(Continued on page 36)

THE SCOTTISH INDUSTRIAL ESTATE

AT NORTH HILLINGTON—NEAR GLASGOW
OFFERS EXCELLENT ADVANTAGES
TO THE MAN WITH ENTERPRISE

North Hillington Estate is situated in the heart of the Scottish Industrial Belt—near Glasgow. There is a 2,000,000 doorstep market and a 6,000,000 near-by market. Modern Clydeside docks are at hand and Firth of Forth docks are only 25 miles distant, which places the East and West ports of Scotland within easy reach. Transport facilities by air, river, road and rail are convenient. Thus distribution is assured for both home and foreign markets.

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of an economic start to his business and encouragement to its growth.

Factories for either light or heavy industries can be leased. Capital expenditure for building is eliminated. Rents are low as the company does not operate for profit. Factories are heated by the estate. Process steam is available. The Estate is a free delivery and collection area for railways. Railway sidings are available if required. Insurance and upkeep of factories and upkeep of roads are paid by the estate.

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LONDON ACTIVE SECURITY PRICES AND YIELDS

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

Prices, Year 1937				Prices, Jan. 1 to Sept. 29, inclusive				Name of Security	Price, Sept. 22, 1937	Price, Sept. 29, 1937	Rise or Fall	Yield Sept. 29, 1937	Prices, Year 1937				Prices, Jan. 1 to Sept. 29, inclusive				Name of Security	Price, Sept. 22, 1937	Price, Sept. 29, 1937	Rise or Fall	Yield Sept. 29, 1937
High	Low	High	Low	High	Low	High	Low						(a)	(b)	(c)	(a)	(b)	(c)							
87 1/2	82 1/2	84 1/2	73 1/2	Consols 2 1/2%				73 1/2	73 1/2	...	...	3 7 10	40/-	32/-	5(a)	5(b)	Banks				Bank of N. Zealand £1	35/-	35/-	...	4 11 6
116 1/2	112 1/2	113 1/2	105 1/2	Do. 4% Red. at par on or after Feb. 1937 (n)				108	108 1/2	+	...	3 8 0	37 1/2	32 1/2	6(a)	6(b)	Bank of England Stk.				33 1/2	33 1/2	...	3 11 9	
102 1/2	100 1/2	101 1/2	94 1/2	Conserv. 2 1/2% 1944-49				94 1/2	94 1/2	...	...	3 0 0	48 1/2	40/-	7(b)	7(a)	Barclay B. (£1)				73 1/2	73 1/2	+1/6	3 15 0	
106 1/2	104 1/2	105 1/2	97 1/2	Do. 3% 1948-53				98 1/2	98 1/2	+	...	3 1 6	104	88	8(a)	8(b)	Barcl. (Dom. &c.) A £1				81	81	...	2 12 8	
111 1/2	107 1/2	108 1/2	105 1/2	Do. 3 1/2% after 1961 ..				99 1/2	99 1/2	+	...	3 10 0	149	140	9(c)	9(d)	Bk. of Montreal (\$100)				26 1/2	26 1/2	...	4 11 5	
121 1/2	116 1/2	117 1/2	111 1/2	Do. 4 1/2% 1940-44				106 1/2	106 1/2	+	...	2 10 0	29 1/2	25 1/2	10(c)	10(d)	Bk. of N.S. Wales (£50)				26 1/2	26 1/2	-1/8	3 16 6	
95 1/2	92 1/2	92 1/2	84 1/2	Do. 5% 1944-64				113 1/2	111 1/2	+	...	3 2 3	101	85	11(c)	11(d)	British Overseas A (£50)				26 1/2	26 1/2	...	3 2 3	
104 1/2	101 1/2	101 1/2	92 1/2	Funding 2 1/2% 1936-41				87 1/2	88	+	...	3 4 6	17 1/2	13 1/2	12(c)	12(d)	Chtd. of India (£5)				13 1/2	13 1/2	...	3 16 8	
119 1/2	115 1/2	116 1/2	109 1/2	Funding 3% 1939-49				95 1/2	95	...	...	3 5 1	15 1/2	12 1/2	13(c)	13(d)	Comcl. Bk. of Aus. 10/-				13 1/2	13 1/2	...	3 16 8	
109 1/2	106 1/2	106 1/2	98 1/2	Funding 4% 1940-49				111 1/2	109 1/2	+	...	3 1 3	58 1/2	50 1/2	14(c)	14(d)	District A £5, £1 pd.				83 1/2	83 1/2	...	3 16 0	
117 1/2	113 1/2	114 1/2	107 1/2	Nat. Defce 2 1/2% 1944-48				96 1/2	96 1/2	+	...	2 17 6	108 1/2	85 1/2	15(c)	15(d)	Do. B £1 fully paid				83 1/2	83 1/2	...	3 16 8	
108 1/2	104 1/2	105 1/2	96 1/2	Victory Bonds 4 1/2%				108 1/2	108 1/2	+	...	3 12 6	11 1/2	10 1/2	16(c)	16(d)	Eng. Scot. & Aust. £5 3/4				108 1/2	108 1/2	...	3 16 8	
108 1/2	104 1/2	105 1/2	96 1/2	War L'n 3 1/2% after 1952				100 1/2	100 1/2	+	...	3 10 0	12 1/2	11 1/2	17(c)	17(d)	Hambros £10, £25 paid				108 1/2	108 1/2	...	3 16 8	
103 1/2	101 1/2	101 1/2	94 1/2	Local Loans 3%				84 1/2	85	+	...	3 10 7	69 1/2	58 1/2	18(c)	18(d)	Hong, and S. (£125)				108 1/2	108 1/2	...	3 16 8	
76 1/2	70 1/2	72 1/2	62 1/2	Austria 3% 1933-53				100 1/2	100	...	...	3 0 9	10 1/2	8 1/2	19(c)	19(d)	Lloyds £5, with £1 pd.				59 1/2	59 1/2	+1/-	3 19 0	
89 1/2	83 1/2	85 1/2	74 1/2	India 2 1/2%				68 1/2	68	...	...	3 15 9	94 1/2	81 1/2	20(c)	20(d)	Midland £1, fully pd.				85 1/2	85 1/2	...	4 0 0	
100 1/2	96 1/2	98 1/2	87 1/2	Do. 3 1/2%				78 1/2	78	...	...	3 17 0	44 1/2	38 1/2	21(c)	21(d)	Mid. of Egypt £10				40 1/2	40 1/2	+1/-	3 14 0	
120 1/2	116 1/2	119 1/2	112 1/2	Do. 4 1/2% 1938-48				115 1/2	115	+	...	3 10 6	16 1/2	14 1/2	22(c)	22(d)	Nat. off India £25, £24 pd.				41 1/2	41 1/2	...	3 10 0	
107 1/2	104 1/2	105 1/2	103 1/2	U.K. & Arg. A (£1947)				103 1/2	103 1/2	...	...	3 13 9	49 1/2	45 1/2	23(c)	23(d)	Royal Bk. of Scotland				15 1/2	15 1/2	+2	3 12 6	
113 1/2	109 1/2	109 1/2	105 1/2	Dom. & Col. Govts.				108 1/2	108 1/2	...	...	3 18 0	101 1/2	88 1/2	24(c)	24(d)	St. of S. A. £20, £24 pd.				15 1/2	15 1/2	...	4 13 3	
106 1/2	102 1/2	104 1/2	101 1/2	Australia 5% 1945-75 ..				103 1/2	103	...	...	2 18 11	94 1/2	83 1/2	25(c)	25(d)	Westminster £4, £1 pd.				13 1/2	13 1/2	...	3 19 6	
118 1/2	114 1/2	116 1/2	112 1/2	Canada 4% 1940-60				113 1/2	113	...	...	3 11 6	94 1/2	83 1/2	26(c)	26(d)	Alexanders £2, £1 pd.				65 1/2	65 1/2	...	5 7 9	
118 1/2	114 1/2	116 1/2	112 1/2	Gold Coast 4 1/2% 1958 ..				115 1/2	115	...	...	3 11 0	16 1/2	14 1/2	27(c)	27(d)	National A £24, fully pd.				13 1/2	13 1/2	...	5 0 0	
114 1/2	108 1/2	109 1/2	104 1/2	N. Zealand 5% 1946				108 1/2	108	...	...	3 18 6	16 1/2	14 1/2	28(c)	28(d)	Union £1 of stock				47 1/2	47 1/2	...	4 4 3	
109 1/2	106 1/2	107 1/2	103 1/2	Queensland 5% 1940-60				104 1/2	104	...	...	3 11 5	54 1/2	44 1/2	29(c)	29(d)	Insurance				27 1/2	27 1/2	...	3 6 0	
117 1/2	113 1/2	114 1/2	110 1/2	S. Africa 5% 1945-75				112 1/2	112	...	...	3 6 9	32 1/2	28 1/2	30(c)	30(d)	Alliance £1, fully pd.				27 1/2	27 1/2	...	3 6 0	
102 1/2	98 1/2	105 1/2	97 1/2	Foreign Governments				101 1/2	101	...	...	4 10 0	15 1/2	13 1/2	31(c)	31(d)	Atlas £5, £1, fully pd.				13 1/2	13 1/2	+	2 18 0	
98 1/2	92 1/2	91 1/2	84 1/2	Argentina 7% 1937				104 1/2	104	...	...	6 13 9	10 1/2	8 1/2	32(c)	32(d)	Com. Un. £1, fully pd.				10 1/2	10 1/2	...	4 0 0	
72 1/2	71 1/2	73 1/2	68 1/2	Do. 4 1/2% 1934-59				89 1/2	89	...	...	5 8 9	6 1/2	4 1/2	33(c)	33(d)	Gen. Accident £1, 5/- pd.				10 1/2	10 1/2	...	3 6 9	
97 1/2	95 1/2	102 1/2	96 1/2	B. Aires (Prov.) 3 1/2% ..				69 1/2	69	...	...	5 1 5	35 1/2	29 1/2	34(c)	34(d)	Lon. & Lanc. £5, £2 pd.				30 1/2	30 1/2	...	3 6 1	
27 1/2	14 1/2	30 1/2	24 1/2	Belgian 4% red. by 1970				101 1/2	101	...	...	4 0 0	14 1/2	11 1/2	35(c)	35(d)	N. Brit. & Mer. £1, fy. pd.				11 1/2	11 1/2	...	2 13 9	
68 1/2	65 1/2	69 1/2	60 1/2	Bulgaria 7 1/2% Loan				30 1/2	30 1/2	...	...	8 6 9	21 1/2	18 1/2	36(c)	36(d)	Northern £1, fully pd.				20 1/2	20 1/2	...	3 13 2	
22 1/2	16 1/2	22 1/2	18 1/2	Brazil 5% Fund. 1914				75 1/2	75	...	...	6 12 6	6 1/2	4 1/2	37(c)	37(d)	Pearl £1, fully paid				19 1/2	19 1/2	...	2 12 6	
84 1/2	80 1/2	84 1/2	76 1/2	Chili 6% (1929)				24 1/2	24	...	...	2 11 6	6 1/2	4 1/2	38(c)	38(d)	Phoenix £1, fully pd.				15 1/2	15 1/2	...	3 16 0	
95 1/2	90 1/2	91 1/2	80 1/2	China 5% (1912)				82 1/2	68	+	...	7 16 3	37 1/2	32 1/2	39(c)	39(d)	Prudential £1 A				33 1/2	33 1/2	...	2 15 0	
112 1/2	107 1/2	107 1/2	103 1/2	Do. 5% (1913)				107 1/2	107	...	...	7 13 10	11 1/2	9 1/2	40(c)	40(d)	Do. £1, with 4s. paid				106 1/2	106 1/2	...	1 17 0	
110 1/2	106 1/2	107 1/2	102 1/2	Czechoslovakia 8%				97 1/2	97	...	...	3 1 6	94 1/2	84 1/2	41(c)	41(d)	Royal Exchange (£1)				10 1/2	10 1/2	...	2 19 3	
70 1/2	57 1/2	72 1/2	51 1/2	Danish 3%				97 1/2	97	...	...	10 3 0	19 1/2	16 1/2	42(c)	42(d)	Royal £1, 10/- pd.				8 1/2	8 1/2	...	3 16 8	
106 1/2	102 1/2	105 1/2	101 1/2	Danzig 3% (e) (1952) ..				57 1/2	57	...	...	3 15 10	83 1/2	80 1/2	43(c)	43(d)	Sc. Un. & Nat. £20, £1 pd.				85 1/2	85 1/2	...	3 16 8	
25 1/2	17 1/2	18 1/2	12 1/2	Egypt Unified 4%				104 1/2	105	+	...	5 5 0	7 1/2	6 1/2	44(c)	44(d)	Sun Insur. £1 with 5/-				7 1/2	7 1/2	...	2 6 8	
60 1/2	53 1/2	65 1/2	53 1/2	French 4% (British)				123 1/2	123	...	...	11 10 0	21 1/2	18 1/2	45(c)	45(d)	Sun Life Assur. £1, fy. pd.				18 1/2	18 1/2	...	2 10 6	
46 1/2	34 1/2	49 1/2	35 1/2	German 7% Dawes Ln.				60 1/2	61	+	...	11 12 0	31 1/2	27 1/2	46(c)	46(d)	Anglo-American, Deb.				280	280	...	4 5 9	
40 1/2	29 1/2	49 1/2	35 1/2	Do. 5 1/2% (Young Ln.) ..				40 1/2	41	+	...	6 18 0	70 1/2	60 1/2	47(c)	47(d)	Atlas Electric, etc. £1 ..				13 1/2	13 1/2	-6d	3 16 8	
45 1/2	35 1/2	48 1/2	38 1/2	Greek 6% Stab. Ln.				34 1/2	34 1/2	...	...	6 18 0	9 1/2	8 1/2	48(c)	48(d)	Brit. Assets Trust £1 ..				13 1/2	13 1/2	...	3 16 8	
52 1/2	39 1/2	62 1/2	47 1/2	Do. 7% Refugee				41 1/2	41	...	...	6 18 0	9 1/2	8 1/2	49(c)	49(d)	Debenture Corp. Stk. £1				235 1/2	235 1/2	-3d	4 14 2	
90 1/2	79 1/2	88 1/2	58 1/2	Hungary 7 1/2%				57 1/2	57	...	...	6 10 6	18 1/2	12 1/2	50(c)	50(d)	For. Amer. etc. Def.				235 1/2	235 1/2	...	4 9 6	
97 1/2	83 1/2	94 1/2	57 1/2	Japanese 6% 1936				68 1/2	66	-2	...	9 2 0	25 1/2	23 1/2	51(c)	51(d)	Guardian Investment				145 1/2	145 1/2	...	4 9 6	
144 1/2	105 1/2	120 1/2	110 1/2	Do. 6% (1924) red. 1959				73 1/2	71	-2	...	9 2 0	25 1/2	23 1/2	52(c)	52(d)	Indus. and Gen. Ord.				280	280	-5 1/2	4 9 6	
53 1/2	41 1/2	61 1/2	54 1/2	Norwegian 4% 1911				115 1/2	115	...	...	3 10 0	154 1/2	142 1/2	53(c)	53(d)	Invest. Trust Def.				280	280	...	4 9 6	
93 1/2	80 1/2	83 1/2	56 1/2	Peru 7 1/2% 1922				58 1/2	58	...	...	10 18 9	305	280	54(c)	54(d)	Lake View Invest. 10/-				18 1/2	18 1/2	...	4 9 6	
15 1/2	8 1/2	20 1/2	13 1/2	Poland 7%				64 1/2	64	...	...	10 18 9	305	280	55(c)	55(d)	Maritime Investment</								

(Continued from page 33)

	Sept. 1, 1937	Sept. 17, 1937	Sept. 29, 1937		Sept. 1, 1937	Sept. 17, 1937	Sept. 29, 1937
3% Perp. Rentes	74.75	72.00	70.40	Royal Dutch	59.40	63.830	62.630
4% Rentes 1917	75.10*	71.75	67.75	Wagons Lits	106	105	102
Banque de France	6,695	6,345	6,020	Mexican Eagle	99½	109½	106½
Crédit Lyonnais	1,438	1,390	1,315	"Chartered"	231	240	235
Suez Canal	25,350	26,225	26,400	Ford	72	71½	69
Chargeurs Réunis	430	435	444	De Beers	2,409	2,436	2,370
Rio Tinto	2,825	2,740	2,664	"Johnnies"	465	469	498

BERLIN

BOND and share markets in September were weak. Both reached their highest averages in late August or at about the turn of the month, and the reaction in bonds was noticeable, and in shares very considerable. The market was almost featureless, though day-to-day fluctuations followed the movements of New York and London more than usual. Interest in shares was confined largely to engineering and armaments issues, but other standard industrials changed little. Shipping shares were dull at first. Reichsbank dropped sharply to 204 in the middle of the month. Active securities sagged later, but the public bought the less active issues in the "cash" group. A substantial recovery of potash and of liner shares occurred last week. Dresdner Bank, which had been stable for weeks at 105, rose, on news of progress towards a return to private control, to around 114; but other banks changed little. The Mussolini demonstration had no visible effect on the market. The stagnation in shares seems to have been due in part to new rumours of Dr Schacht's resignation, and the weakening of bonds to the market's difficulty in digesting the new Reich loan. Young Loan was quoted somewhat lower towards the end of the month. Very little business was done in dollar bonds. A few dollar certificated public issues advanced, while industrials mostly remained nominally unchanged.

	Sept. 1, 1937	Sept. 17, 1937	Sept. 29, 1937		Sept. 1, 1937	Sept. 17, 1937	Sept. 29, 1937
Reichsbank	213.00	208.00	205.00	A. E. G.	131.00	127.75	127.40
D.D. Bank	124.00	123.00	123.00	Siemens & Halske	219.25	213.25	213.25
Dresdner	105.00	112.50	113.75	Vereinigte Stahlwerke (New)	120.50	117.00	119.00
I.G. Farben	167.40	163.25	162.80	Hamburg-Amer.	84.50	80.90	86.00
Norddeutscher Lloyd (New)	90.75	82.60	86.50	"Hapag New"	84.50	80.90	86.00

AMSTERDAM

THE demoralising influences of Wall Street and the war in China were too strong for Amsterdam's powers of resistance. For some time the vagaries of London and New York, though closely watched, left the Bourse relatively unmoved, thanks to the soundness of the domestic position. The result of the 3 per cent. N.E.I. conversion issue, however, was unwelcome and Wall Street's nerves and the Japanese campaign soon upset prices as they had in other centres. The last full week in September was characterised by great irregularity, an unprecedented wave of selling being followed by a sharp recovery and then by erratic movements. The Philips Lamps results helped the industrial section, but signs of speculative weakness were markedly evident.

	Sept. 1, 1937	Sept. 17, 1937	Sept. 29, 1937		Sept. 1, 1937	Sept. 17, 1937	Sept. 29, 1937
2½% Dutch Loan	82½	81½	81½	Steel Common	78½	70½	59½
5½% German	35	24	24½	A. K. U.	72½	64½	57½
Unilever N.V.	165½	157½	154½	Ford Motor	271½	255	265
Philips Lamps	380½	347	352½	Deli Batavia Tob.	280½	236	228
Netherlands Ship Union	148½	137½	134½	Royal Dutch	407½	393	385½

* Without transfer certificate.

CANADA

THE Canadian stock markets have been experiencing very rough weather since the middle of August, due to a sympathetic reaction to New York's nervousness. The recession gathered momentum at the beginning of September until during the week ending September 11th there was experienced the sharpest break since April, though fresh low levels were touched in Montreal later in the month. Even the most seasoned stocks lost ground heavily, the losses covering all groups. In the industrial section during the week ending September 9th many of the sub-groups in the Bureau of Statistics "Investors" Index reached their lowest levels for the current year, the most pronounced losses being experienced by mines, building materials, oils, machinery, equipment and food products. There was a slight rally about mid-September, but after a few days the downward trend became accentuated under the influence of international, metal and newsprint shares being among the chief sufferers. The month ended with a marked recovery which was, however, of small dimensions compared with previous declines. The "Investors" Index of the Bureau, which stood at 133.4 on August 20th, fell to 132.3 on August 26th, to 129.6 on September 3rd and on September 9th had declined to 123.9. The mining market has also been badly affected, with particularly severe losses in the junior gold

issues and heavy selling of base metal stocks. The bond market has been dull, but prices have remained firm and the Bureau's index of long-term Dominion bonds which stood at 115.6 on August 20th was unchanged on September 9th.

	Price, Sept. 1, 1937	Price, Sept. 17, 1937	Price, Sept. 29, 1937		Price, Sept. 1, 1937	Price, Sept. 17, 1937	Price, Sept. 29, 1937
Bell Telephone	168	163	164½	Cockshutt Plow	14	10½	10½
Canadian Car and Foundry	14½	10½	11	Domestic Glass	112	100	101
Do. pref'd.	26	21½	21½	International Petroleum	34½	31½	32½
Power Corporation	21½	15½	16½	Brazil Traction	24	22	22½
Dome Mines	39½	42	42½	British Columbia	35½	33½	33½
Hollinger	11½	11½	11½	Power "A"	7½	6	6½
McIntyre	33½	35½	36½	Do. "B"	14	11	11½
Bank of Canada	55	58	58½	Canada Cement	60	51	51½
Bank of Montreal	218	200	202	International Nickel	10½	7½	7½
Bank of Nova Scotia	330	320	323½	Massey Harris Com.	31	29½	29½
Royal Bank of Canada	195	178	177½	Ogilvie Flour Mills	231	200	202
Canadian Bank of Commerce	183	166	167½	Quebec Power	18	17½	17½
Canadian Pacific Ry.	11	9½	9½	Shawinigan Water	27½	23½	24

† \$4.95 to £.

CAPITAL ISSUES

WITH the resumption of municipal borrowing this week, after a pause since the middle of August, the autumn new issue season may be said to have commenced. The terms for the £1,000,000 Hull 3½ per cent. stock, redeemable 1958-63 and issued at 101, are identical—save for one year's extra life—with the Essex loan, which stands at a small premium. Calculations of cover are not, perhaps, relevant to a British Corporation—or at least they have not been hitherto. The market, however, prefers county stocks to corporations, and it tends to appreciate corporations whose current rates are low. Trustees, again, are not anxious to wait nine months before receiving their first interest payment. For these reasons, the market was not effusive in its welcome of the Hull issue. From the preparations which are reported, perhaps a more effective curtain-raiser could have been found. Two industrial offers have also appeared this week. The mixed issue of *Masters Trading* 6 per cent. preference shares and 2s. ordinary shares (at 4s.) is based on a rapidly rising trend of earnings since 1934. As the figures are set out in the prospectus, for broken periods until the latest year, they suggest a dip in profits between the end of 1934 and the spring of last year. The capital has recently been reorganised, and the ordinary shares show the almost conventional earnings yield of 15 per cent. on the issue price. Although turnover for the first five months of the current year has increased by 25 per cent. the shares must be placed in a speculative class, and the marketability of the capital has been reduced by splitting the relatively small total of £105,000 into £25,000 preference and £80,000 ordinary—with the usual consequences and prospectus advantages of gearing for earnings calculations. The capital of *Spear and Jackson* is larger, and only half the ordinary shares are offered—again at 100 per cent. premium. In this case also recent reorganisation of the capital has been effected. The earnings record shows a large jump in profits between 1934 and 1935, and the company has long been established in the saw and implements trade. Although the earnings yield shown—12 per cent. on the issue price—cannot be regarded as excessive, it is probably more justifiable than higher yields exhibited on many prospectuses issued this year.

TOTALS OF CAPITAL ISSUES DURING WEEK

	Nominal Capital	Conversions	New Money
To the Public	1,382,567	£	1,420,469
To Shareholders only	1,000,000	£	2,125,000
By Stock Exchange Introduction	Nil	£	Nil
By Permission to Deal	95,905	£	101,342

	Including Conversions	Excluding Conversions	Total offered for Subscription—Including Conversions	Excluding Conversions
1937 (New Basis)	459,174,856	410,500,961	Whole Year (New Basis)	£
1936 (Old Basis)	260,795,798	215,205,382	1936	842,017,245
1935 (New Basis)	347,825,847	249,632,869	1935	698,313,125
1934 (Old Basis)	229,581,040	133,396,953	Whole Year (Old Basis)	£
January 1 to date (Old Basis)	255,951,763	130,000,842	1936	402,470,003
1935	315,702,708	128,919,007	1935	548,351,393
1934	474,684,817	302,584,194	1934	410,980,300
1933			1933	467,821,500
1932			1932	683,000,056

Destination of Capital (Excluding Conversions)

	United Kingdom	British Empire (excluding United Kingdom)	Foreign Countries	Total
January 1 to date—				
1937 (New Basis)	351,425,887	66,818,705	2,258,359	410,500,961
1937 (Old Basis)	197,344,204	16,368,678	1,492,500	215,205,382

Nature of Borrowing (Excluding Conversions)

	Debentures	Preference	Ordinary	Total
January 1 to date—				
1937 (New Basis)	205,251,500	26,387,820	178,881,631	410,500,961
1937 (Old Basis)	148,346,092	16,503,365	50,355,925	215,205,382
1936 (New Basis)	86,203,203	30,588,070	132,838,596	249,632,869
1936 (Old Basis)	68,711,359	15,498,446	49,187,148	133,396,953
Whole Year (Old Basis)—				
1928	212,917,900	45,062,600	111,177,600	369,158,100
1929	222,064,300	12,733,700	9,982,500	244,780,500
1930	102,789,300	21,461,000	44,878,400	169,108,700
1931	167,185,509	37,265,741	37,265,741	236,147,637
1932	160,521,116	24,423,647	70,266,230	255,205,993
Whole Year (New Basis)—				
1935	193,599,713	48,806,822	115,118,905	357,525,400
1936	184,255,833	41,580,731	268,303,201	494,139,765

PUBLIC OFFERS

Hull Corporation.—Issue of £1,000,000 3½ per cent. redeemable stock at 101. Repayable at par December 1963, or from 1958 on notice. Proceeds for electricity, transport, housing, etc. Ranks with other stocks. Trading undertakings, 1936-37: gross revenue, over £1,500,000; surplus after interest and all charges, £129,214. Estimated population, 321,500; rateable value, £1,764,750; exchequer grant, £362,511; net debt, £12,871,100 (of which £4,070,597 public utilities and £4,383,346 housing).

BY OFFER FOR SALE

Masters Trading Company.—Offer for sale of 87,500 6 per cent. cumulative 5s. preference shares at par and 700,000 2s. ordinary shares at 4s. Of ordinary shares, 225,000 already applied for. Hardware makers and credit dealers. Profits, before directors' remuneration and interest, after depreciation: April 1 to November 2, 1934, £6,687; period to March 31, 1936, £14,993; year to March 31, 1937, £29,117. Net assets (including £41,000 year to March 31, 1937, £105,046 (debtors, less reserve, proceeds of a recent share issue); £105,046 (debtors, less reserve, and bills receivable, £65,525). Mr L. F. de Peyreave takes issue at 5s. per preference and 3s. 5d. per ordinary share including expenses of £18,500; Harrow Investment Trust makes offer on his behalf and pays expenses for £12,025. Lists closed 9.5 a.m. September 28th.

Spear and Jackson, Ltd.—Offer for sale of 400,000 5s. ordinary shares at 10s. (Vendor and his co-directors hold remaining 260,000 shares.) Saw and tool makers at Sheffield; established 1774. Profits, after depreciation: 1934, £30,380; 1935, £43,929; 1936, £46,545. Net assets, £250,127 (investments in subsidiaries, £20,600). Messrs. W. A. Simpson procure subscriptions and pay £10,000 expenses for £15,000.

ISSUES TO SHAREHOLDERS ONLY

British Aluminium Company.—To provide funds necessary to complete the present expansion programme this company issues to existing ordinary shareholders 1,000,000 new ordinary shares at 42s. 6d., in the proportion of one new for two shares held.

CONVERSIONS AND REPAYMENTS

Madras and Southern Mahratta Railway.—All of the £2,500,000 4 per cent. debenture stock (1938) will be redeemed at par on October 1, 1938.

Dominion Coal.—This company is to redeem on October 1st its 6 per cent. cumulative registered sinking fund debentures at par.

PRIVATE PLACING

Severn Valley Gas.—The directors have placed privately 64,130 £1 4½ per cent. cumulative preference shares.

FORTHCOMING ISSUES

Langloan Iron Cement and Chemical Company.—An issue will be made in the course of the next few weeks of the new capital of this reorganised firm. The company is being formed with a capital of 3,000,000 2s. shares, and there will also be an issue of £150,000 5½ per cent. debentures. The company will acquire *inter alia* works at Coatbridge, comprising blast-furnaces, plants for cement making and oil and tar distilling, and a power generating station. The company also acquires various leases giving a regular supply of raw materials to the furnaces.

RESULT OF ISSUE

Liverpool Corporation Bills.—The tenders for £1,000,000 bills at 12 months date were opened on September 27th at the Bank of England. The total amount applied for was £3,550,000; amount allotted, £1,000,000. Tenders at 99 7s. 1d. and above, in full. Average rate per cent. p.a. 12s. 5-30d.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Paid	Sept. 22, 1937	Sept. 29, 1937
Arnott and Harrison 4/-	5/-	5/-	4/1½-4/4½	4/1½-4/4½
Essex 3½%, 1957-62	101	26	par-½ pm	par-½ pm
Finchley 3½%	101	51	par-½ pm	par-½ pm
Imperial Airways £1	30/-	60	1/0-6d. dis	3d. dis-3d. pm
Iraq 4½% Bonds	94	60	1/1½-1/1½ pm	1/1½-1/1½ pm
Lindsay Parkinson Pref. 20/-	20/-	20/-	23/4½-24/4½	24/1½-24/7½
Middlesex 3½%, 1957-62	101	56	par-½ pm	par-½ pm
Odeon Theatres Ord. 5/-	5/-	5/-	8/8-9/0	8/9-9/3
5% 1st Deb.	99	59	7½-8½ dis	6½-8½ dis
Premier (Trinidad) Oilfields	5/-	3/-	7½-4½ dis	7½-4½ dis
Ex. 5/-	9/-	9/-	7/0-7/6	7/0-7/6
Ripplingdale Ord. 5/-	100	50	½ dis-½ pm	½ dis-½ pm
Salt (Salthire) 5% Loan				

SHORTER COMPANY COMMENTS

COMPANY RESULTS OF THE WEEK.—A number of concerns have this week published their first accounts as public companies: ELEPHANT TRADING COMPANY (SOUTH AFRICA) HOLDINGS have earned £106,169 for dividends and are assigning £10,000 to dividend equalisation account. Aggregate profits of the subsidiaries exceeded prospectus estimates. W. H. DEAN AND SON are paying 25 per cent., and have reduced the book cost of goodwill to £30,000. HOSEGOOD INDUSTRIES profits amount to £104,871; the report includes a consolidated balance sheet and profit and loss account. Among the older companies, MANCHESTER LINERS have raised the dividend from 5 to 7½ per cent., profits (which are struck after depreciation) having increased by £4,500 to £48,826. KIRKLEES, LIMITED, report that rayon yarn prices were lower during the past year, their increase in profits, from £27,768 to £34,384, being due to technical and administrative economies. A statement commenting on the year's results is circulated with the accounts by LEETHEMS (TWILFIT), whose slight increase in profits from £45,560 to £46,870 is due to an improvement in home trade and to internal economies, despite rising costs. The rise in cork prices due to war in Spain is the cause of substantial progress by HENRY BUCKNALL AND SONS, whose profits of £30,313 compare with £22,354 even after taking £4,000 less in special credits. CARRIER ENGINEERING have earned £80,792, some £31,000 more than for 1935-36, and are maintaining the same rate of dividend, 50 per cent., on a doubled capital. GRATTAN WAREHOUSES report a good recovery, having made profits of £116,266, against £96,177. Dividends from subsidiaries constitute by far the greater part of RANKS, LIMITED, profits, which are £893,347 gross or £667,853 net: the latter sum compares with £596,983, but comment on the presentation of the accounts appears on page 29.

MISCELLANEOUS

HEPWORTH (J.) AND SON.—Profit for year to July 31, 1937, £85,247 against £83,095. Ordinary dividend 5 per cent. as before. To reserve £15,000 against £10,000. To employees' fund £3,000 as before. Carry forward £30,003.

CITY AND INTERNATIONAL TRUST.—Gross income for year to August 31, 1937, £96,777 against £86,352. Ordinary dividend raised from 3 to 4 per cent. To debenture discount, £13,059. Carry forward, £31,151.

CALTHROPS, LTD.—First accounts show a profit of £51,768. Ordinary dividend 10-136 per cent. per annum. Carry forward £6,294.

PHILIPS' INCANDESCENT LAMP WORKS.—Profits for year to April 30, 1937, amounted to £1,974,000 against £1,406,000. An extra reserve of £1,300,000 has been created for expansion overseas. To depreciation of investments, etc., £1,000,000; to bad debts, £1,500,000. Sales for the first four months of the current year show a further rise.

ELEPHANT TRADING (SOUTH AFRICA) HOLDINGS.—First report from May 19, 1936, to June 30, 1937, shows a balance, after all expenses, of £106,169. Ordinary dividend 15 per cent., free of South African tax. To dividend equalisation reserve, £10,000. Carry-forward, £25,262.

TRANSVAAL MATTRESS AND FURNISHING COMPANY.—Net profit for nine and a quarter months since incorporation to June 30, 1937, amounted to £38,786. Dividend on ordinary shares equal to 13-53 per cent. per annum. To reserve, £6,000. To write off goodwill, £7,778. Carry-forward, £3,111.

GENERAL REFRACTORIES.—This company has acquired all the share capital of Charles Davison and Company, Ltd., Buckley, Flintshire.

NORTH BROKEN HILL.—After depreciation, tax and royalties, net profits for year to June 30, 1937, were £910,627—an increase of £273,687. The distribution on the £700,000 capital totals 120 per cent., compared with 7½ per cent. in the previous year and 45 per cent. in 1934-5.

BANK OF ENGLAND.—Profits in the six months ended August 31, 1937, after contingencies, were £655,813. In the previous half-year profits were £664,967, and in the six months to August 31, 1936, £667,302. Usual dividend of 6 per cent., payable October 5th, leaves the "Rest" at £3,023,914, compared with £3,022,993 at the end of February.

UNION BANK OF AUSTRALIA CENTENARY.—In commemoration of the foundation of the Bank on September 1, 1837, a ceremony took place on September 28th, at Launceston, Tasmania, where the first branch was opened in 1838. His Excellency Sir Ernest Clark, the Governor of Tasmania, unveiled a tablet erected by the Tasmanian Society. His Excellency and many guests were afterwards entertained to luncheon by the Bank.

PRESTON BREWERIES, LTD.—Accounts for initial period from February 5, 1936, to July 31, 1937, show loss of £1,252. Trading profit was £2,027; bad debts, £2,700; depreciation, £78. Directors have foregone fees. Balance sheet: stocks, £1,163; cash, £160; debtors, less reserves, £2,733; creditors, etc., £5,023. In August, 1936, permission to deal on the Stock Exchange was deferred until after publication of first accounts. It is understood a full explanation of the loss will be given at the annual meeting on October 5th. The prospectus estimated a net income of £13,000 on the basis of a production of 6,933 barrels.

PATERSON, LAING AND BRUCE.—To reply to criticisms of the proposed scheme, the directors have issued a circular which can be summarised thus. Accounts to July 31, 1937, are not yet complete, but a profit of about £15,000 is practically assured. In formulating the scheme, the probability of earnings not exceeding £25,000 for the current year was considered, and while it is possible profits may rise in future, the Board cannot visualise a rate exceeding £30,000 or £35,000. It was this possibility of expectations being exceeded owing to circumstances at present quite unforeseen that had been provided for by the proposed issue of deferred shares to "B" preference and ordinary holders.

OTARD'S

EST. 1795

V.S.O.P.

LIQUEUR BRANDY

MATURED AND BOTTLED AT CHATEAU DE COGNAC

COMPANY MEETINGS

CARRIER ENGINEERING COMPANY, LIMITED

RECORD TURNOVER: DIVIDEND OF 50 PER CENT.

SCOPE FOR AIR CONDITIONING

MR S. L. GROOM'S ADDRESS

The ordinary general meeting of Carrier Engineering Company, Limited, was held, on the 30th ultimo, at Caxton Hall, Caxton Street, London, S.W., Mr S. L. Groom (managing director and chairman) presiding.

The Acting Secretary (Mr H. S. Sheffield) having read the notice convening the meeting and the auditors' report,

The Chairman said.—Ladies and Gentlemen,—As the report and the accounts for the year to June 30, 1937, have been in your hands for some days, I think it unnecessary to go into them in detail.

As you know, since the last annual meeting the nominal capital of the company has been increased by 640,000 ordinary shares, of which 300,000 were issued to existing shareholders at par. This was done to enable us to meet capital expenditure and to finance our increased stocks. Our total issued capital is now £200,000 and is ample for our requirements notwithstanding the increase in turnover, which for the year under review was the highest in the history of the company.

INCREASED ORDERS ON HAND

Last year I was able to report that the value of the orders then on hand was equal to 50 per cent. of the turnover for 1935-36; you will be gratified to know that at June 30, 1937, the value of the company's accepted tenders was again equal to 50 per cent. of the turnover for the year 1936-37, and since the end of our financial year this rate of progress has been maintained.

My reference to tenders accepted at June 30, 1937, must not be confused with the balance-sheet item of work in progress. At the date of the accounts the work on these accepted tenders had not been put in hand and will, of course, form part of the current year's business. The item of £78,593 shown on the balance sheet as work in progress represents the value of work done on contracts which was not invoiced at the end of the financial year.

WORK ATTRIBUTABLE TO RE-ARMAMENT

The company's shareholders should appreciate that the increases in our turnover during the past year have been achieved in our general business. While it is true that we have been engaged upon work which might be regarded as arising from the Government re-armament programme, the value of contracts which could be attributed directly or indirectly to re-armament was only 12 per cent. of the total turnover. We have carried out several important anti-gas installations during the year covered by the accounts, but the turnover in this branch of our business was less than 1 per cent. of the total. We believe, however, that our anti-gas activities will result in substantial additions to our business in the future.

In this connection I am pleased to say that we have acquired an interest in a company manufacturing activated charcoal. This company is installing a new furnace of the very latest type for producing the necessary high-grade activated charcoal used in our poison gas filters. This will ensure regular supplies in this country to meet all our future requirements.

THE YEAR'S PROFIT

Dealing with the profit and loss account, the net profit for the year was £91,386. This includes the income from the associated company, which, for the year under review, was equal to 22½ per cent. on the balance sheet value of the shares as compared with 15 per cent. in the previous year. After bringing forward the balance from last year, and deducting the preference dividend and making provision for income tax and National Defence Contribution, the balance standing to the credit of profit and loss account is £103,663, whilst the assets of the company amount to £413,353, compared with £257,468 last year an increase in this item of £161,985.

I think the only item on the assets side of the balance sheet which calls for further comment are stock and freehold land

and buildings. You will observe that the stock has been considerably increased as compared with last year. There were, however, more than sufficient orders in hand to absorb this stock. The carrying of substantial stocks has really been forced upon us by the present-day difficulties in obtaining speedy deliveries of steel, and in view of the present situation we consider it necessary to try and anticipate our special requirements by carrying larger stocks so as to permit the company to complete its contracts without undue delay.

INCREASED FACTORY ACCOMMODATION

With regard to the freehold land and buildings, we have already increased our factory accommodation and have made provision for still further extension. This has been necessary in consequence of our increasing turnover, and it has enabled us to speed up deliveries in special sections of our business. It will always be a matter of careful study to ensure that our factory accommodation can, at all times, be economically operated under any conditions of general trade, we being fortunate in having a diversified business which permits us to arrange our programme to suit this policy.

Shareholders may be interested in a brief summary of our field of activities. Our business is best described as that of Thermal Engineers, because we provide and instal equipment to produce and apply heat or cold for any purpose at temperatures below zero up to 1,000 degrees Fahrenheit, and the demand for our equipment extends to no less than 200 different types of industry.

FEATURES OF COMPANY'S REFRIGERATING MACHINES

Your company manufactures refrigerating machines, and this section of our business has had a record year; the average size of the machines manufactured have a capacity of 200 ice melting tons per twenty-four hours. The refrigerant used in our machines—"Carrene"—offers many advantages. It is non-explosive, non-inflammable, non-poisonous, non-corrosive, practically odourless and can be carried about with safety in an open bucket. This feature makes the machines especially suitable for use in factories where tobacco or food is manufactured and where noxious fumes are detrimental to the product. The machines take up remarkably little space compared with other types for the same capacity, and the fact that the gas pressures used are below atmospheric makes the machines particularly suitable for installation in theatres, hotels, etc., where safety is the principal consideration. These machines will work efficiently with condenser water temperatures as high as 90 degrees Fahrenheit, which makes them ideal for marine purposes.

Our refuse destructor department has also made good progress during the past year, and in addition to our many installations for industrial purposes, we have recently secured large contracts from various municipalities, both home and abroad.

Another section of our business is the Aquatherm system of heat distribution. This system is extensively used for distributing heat for warming buildings or for processing materials at high temperatures. Water is transmitted long distances at temperatures up to 500 degrees Fahrenheit, which is, of course, much higher than its normal boiling point. This is accomplished by maintaining a pressure on the water which keeps it in its liquid state and prevents it from passing into steam. This system has great advantages over any other system of heat transmission.

PORTABLE AIR CONDITIONING UNITS

Last year I mentioned the addition to our business of the portable air-conditioning unit for individual rooms in homes, offices, etc. This is now on the market and the sales have been very satisfactory. We are pleased to say that customers are proving to be our best salesmen; apart from the obvious advantages in comfort and well-being possessed by an air-conditioned home or office, it has been found that sufferers from catarrh and asthma have derived much relief from being in Carrier air-con-

ditioned rooms. Clinical research work is now being carried out in order to obtain reliable data as to the effect of an air-conditioned atmosphere upon sufferers from these ailments. The distribution of our portable units is handled by Carrier Weather-makers, Ltd., in which company we hold all the shares. An attractive showroom for this section of our business has been opened in Conduit Street, Bond Street.

Many large Central Station Air-Conditioning Installations have been, and are being, completed for the purpose of health and comfort in hotels, restaurants, department stores, offices, etc., and similar plants in factories for the purpose of aiding and improving production in the manufacture of confectionery, biscuits, tobacco, artificial silk, films, printing, explosives, automobile bodies, etc.

MARINE DEPARTMENT

Our marine department has been entrusted with the air-conditioning for the sister ship of the "Queen Mary," now building. The installation on this vessel will be on a larger scale than on the "Queen Mary," for which, as you already know, we supplied the plant. Many other well-known ships are fitted with Carrier air-conditioning and we now have on hand contracts for six important passenger vessels.

High and low temperature drying plant, complete with automatic conveying, loading and unloading equipment, for foods, textiles, ceramics, chemicals, paints, enamels, etc., is also an important branch of our business.

It has been the company's policy to devote one year in every three to the developing of new ideas, improving upon existing equipment and producing new apparatus for the furthering of our business over a still wider field. The year under review has been one of these years, so that the next two years will be almost exclusively devoted to sales development.

IMPORTANCE OF AIR-CONDITIONING

Bearing in mind the important part which air-conditioning has in our business, we think it would not be amiss to give you a definition of the term "air-conditioning." Air-conditioning implies the constant control of the desired temperature, humidity, purity and movement of the air in a given space, independent of weather conditions and the number of occupants or work carried out in the space conditioned. To achieve this, the air-conditioning installation must be specially designed for its duty and must be capable of cooling, warming, dehumidifying, humidifying and cleaning the air.

As an indication of the future prospects and the possibilities of air-conditioning, it is of interest to learn of the experiments of Doctors Lagan and Kerr, of the University of California. These Professors have been trying for no less than four years to transmit to a group of people the common cold. The subjects have been living in an air-conditioned laboratory and none of them developed a cold, in spite of constant injections of cold virus, contact with others introduced into the room and suffering with bad colds and by direct absorption of their mucus. We all realise, of course, that this experiment is little more than a laboratory demonstration, but it does, I think, go to prove that there is ample scope for vision and enterprise in this important sphere of our business.

WORK OF THE STAFF

Your directors are full-time officials, each of us being in charge of his particular department, and it is due to the co-ordination of the efforts of the directors and the co-operation of a hard-working, loyal and enthusiastic staff that we are able to place before you a satisfactory balance sheet and to anticipate the future with confidence. I take this opportunity of thanking the staff and my colleagues for the support which they have given me. You will, I am sure, be pleased to know that we have adopted the policy of giving annual summer holidays with full pay to our erection and factory staffs.

Before moving the adoption of the directors' report and accounts I should refer to the allocation of the surplus. The particulars are set out in the directors' report and it only remains for me to remind you that the dividend to the ordinary shareholders is upon the basis of the issued ordinary shares at June 30, 1937. We recommend the writing off of the Stamp Duties in connection with the increase of capital and the balance to be carried forward is £26,855, approximately £2,000 more than last year.

I now formally move that the directors' report and the accounts of the company for the year to June 30, 1937, be approved and adopted.

Mr C. L. Sainty seconded the resolution and it was carried unanimously.

A dividend of 50 per cent., less tax, for the year on the ordinary shares was declared; the auditors (Messrs Hackett, Radley and Johnson) were reappointed, and a cordial vote of thanks to the chairman and directors concluded the proceedings.

THOS. W. WARD, LIMITED

A SUCCESSFUL YEAR

Mr Joseph Ward, J.P. (chairman), in moving the adoption of the directors' report and balance sheet at the thirty-fourth ordinary general meeting of the ordinary shareholders of Thos. W. Ward, Limited, held on the 30th ultimo at Sheffield, said:—

We have passed the lean and profitless years of depression without capital loss, which must be a matter of extreme gratification to the shareholders. The present balance sheet represents one of the strongest we have had the privilege of placing before you.

The remarkable result achieved is the sequel of the foresight exercised by the board in the important responsibilities committed to it, and the long-anticipated reward they had the courage to believe would ensue from their efforts when all the numerous departments were each contributing their quota of profit. The splendid success of the year had been due to a fair contribution from practically the whole of their sixty works and departments.

For many years, during the process of laying the foundations for expansion in remunerative business, they had visualised the possibility of reasonable success with the confidence that normal times would yield a fair revenue from the exertions put forward, and only the board knew how great these had been, and the close application of unique skill gained from long experience in a business of vast and wide ramifications.

For many years he had repeatedly emphasised the vital importance of scrap iron and steel products as the chief raw materials for British steelworks and the value to them of the scrap industry of the country. This had been confirmed by the subsequent scarcity of such materials, only remediable by imported scrap at very high prices. The scarcity of scrap that had arisen was explicable by the fact that the production of steel in this country during the period under review was 12,293,200 tons, an increase of 1,508,600 tons over the previous twelve months. Exports of scrap during the year, occurring principally before control was established, were 240,228 tons, as against 130,509 tons, being 109,719 tons more than the previous year, and the imports, which last year he gave as 975,573 tons, were 681,703 tons, actually 293,870 tons less.

IMPORTANCE OF THE SCRAP INDUSTRY REALISED

He had mentioned on other occasions what constituted a great oversight when the National Committee of Iron and Steel Producers failed to recognise the scrap industry as an integral part of their organisation. At last, however, this vital and important factor had been realised and its absolute necessity acknowledged. In March last this was effected by a coherent policy for the control and supply of scrap, in which their company through their joint managing director, Mr Ashley S. Ward, and assistant managing director, Mr George Wood, had taken and were taking a foremost part.

In the past year there had been some amelioration of the position in the shipbreaking industry, and their arrangements with the British Iron and Steel Corporation were on a much more satisfactory basis than hitherto. The policy they had advocated for so long had in some measure been adopted. Whether it would be sufficient to keep all obsolete British ships in the country for the purpose of our steel manufacturing trades remained to be seen. It was in their interests that arrangements should be made as will wholly secure for them this most important source of raw materials and at the same time achieve a fair remuneration for the capital invested by the shipbreaking companies in their operations.

Considering the deplorable state of the shipbreaking industry for many years up to recent times, with the consequent lack of employment for British workmen, it has been a great mistake to have allowed a million and a quarter tons of British shipping to leave the country since 1932 for demolition abroad.

With the greatly improved conditions of trade our machinery department, having the advantage of magnificent warehouses for reconditioned and new machinery, has benefited materially.

Mr Ashley S. Ward, in seconding, said they had been engaged in important work in connection with dismantling and the reorganisation and development of industrial properties.

At Marshall's Engineering Works there were now fifteen hundred employees and an order book of over £600,000.

At Jarrow they had now had official notice served upon them by the Commissioner for the Special Areas that under his powers he proposed to acquire the site compulsorily.

The report and accounts were adopted unanimously.

INTERNATIONAL DIATOMITE COMPANY, LIMITED

USES IN HEAT INSULATION

COMPANY'S GROWING BUSINESS

The second annual general meeting of the International Diatomite Company, Limited, was held, on the 24th ultimo, at Russell House, Adam Street, London, Mr Frank S. Russell, F.G.S. (the chairman and managing director), presiding.

The Chairman, in moving the adoption of the report and accounts, said:—The business of the company consists of the holding of shares in companies engaged in the exploitation of diatomite, and of fostering the use of diatomite, mainly for the purpose of providing insulation against heat losses, and for the production of a lightweight, soundproof constructional material, which keeps the buildings in which it is used cool in summer and warm in winter.

PURPOSE OF THE COMPANY

The company is not a manufacturer. It commenced by acquiring the whole of the share capital of a well-established and profitable company known as Moler Products, Limited, a company which has, in its turn, a subsidiary in Denmark which provides it with raw material from the extensive deposits there. There are no deposits of similar extent in our own country nor any from which diatomite could be produced at anything like the cost of the Danish material, even after making allowance for the latter being transported across the sea.

We formed this company as a pioneer company for the purpose of studying the diatomite business and acting as a holding company. We are continually on the watch for opportunities of improving its business either by the adoption of new processes, co-operation with others, or by other means such as the acquirement of further interests.

The success of heat insulation has been hastened by the recent advances in the price of coal, and it has been necessary to increase the productive capacity of the works, opportunity being taken to instal modern fuel and labour-saving devices at the same time, with the net result that costs have been reduced and profits increased.

Our subsidiary company has, during the year, maintained its plant in good condition, and has, in fact, provided for exceptional expenditure incurred in connection with a portion of the machinery which was due for overhaul. Ample provision has also been made for depreciation, though the works and plant stand in the balance sheet at a figure based on a low valuation made in the year 1934. I am sure that you will believe that to replace the plant, etc., at Colchester and in Denmark to-day would cost very much more than the figure at which it stands in the accounts.

Since the end of the company's financial year, the trading profits of Moler Products, Limited, have shown a substantial growth, as compared with the preceding year.

As your company is a holding company, we have thought that it would be of interest to shareholders to see a preliminary consolidated balance sheet which includes the figures for Moler Products, Ltd., and its subsidiary company in Denmark, with the figures for our own company.

INSULATION AND INDUSTRIAL USES

The use of diatomite for insulating and industrial purposes is increasing, and at the present time represents approximately one-half of the company's business. This is a difficult business, because our raw material is not easy to handle, and all the companies manufacturing from Moler diatomite have encountered considerable difficulties before getting into production. There are conflicting problems involved also in the installation of insulation materials in industrial furnaces, and these we are well equipped to tackle because of our long experience in this business and our close association with General Refractories, Limited, who now deal with our sales for industrial insulation in a very satisfactory manner.

Heat insulation is a scientific improvement, equivalent to putting a cosy on a teapot to keep the pot hot, and it is not likely that modern furnace and kiln builders will neglect this simple and inexpensive means of economising to the extent of saving something like one-quarter of the coal which they would otherwise consume and waste by radiating the heat into the atmosphere, or sending it up the chimney to be utterly lost.

The prospects for the future seem to your board to be good, and we are well equipped to deal with all the business we expect to come our way.

The report and accounts were unanimously adopted and the payment of a final dividend of 6 per cent. (less tax), making 8 per cent. for the year, was approved.

ALLIED INDUSTRIAL SERVICES, LIMITED

INCREASED DEMAND

The third annual general meeting of Allied Industrial Services, Limited, was held, on the 29th ultimo, at Bradford, Mr W. H. Rhodes presiding.

The Secretary (Mr C. Gordon Slaker, C.A.), having read the notice convening the meeting.

The Chairman said: Your directors are pleased to report that the increased demand for the Sponge Cloths Supply Service and Industrial Garment Supply Service, the two services your company provides, together with more extensive facilities and equipment for handling a greater volume of business, have resulted in a profit for the year ended June 30, 1937, of £128,467 3s. 10d.

You will notice this year that certain changes have been made in the form of the accounts; the proposed final ordinary dividend is already provided for in the balance sheet, and the profit and loss account balance is that carried forward to next year. I might also add that the capital reserve account, which represents the profits of the company earned prior to incorporation, has been debited with the income tax payable in respect of such profits.

As I have already mentioned, the profit for the year amounted to £128,467 3s. 10d., and, together with £7,952 18s. 1d., the balance brought forward from last year, after providing for ordinary share capitalisation, makes a total profit for allocation of £136,420 1s. 11d.

The report now before you sets forth the transfers of taxes reserve, general reserve, dividends already paid and the proposed final ordinary dividend, leaving a balance of £19,292 5s. 2d. to be carried forward to next year.

It has been my practice on these occasions to say a few words relating to the trading prospects of your company for the present year. During the opening months of our current trading year the amount of business done has been satisfactory, and I feel that, provided the general trade of the country remains good, we can reasonably anticipate that the business done by your company will be satisfactorily maintained.

The report and accounts were unanimously adopted and a final dividend of 37½ per cent. on the ordinary shares was approved.

CITY AND INTERNATIONAL TRUST LIMITED

FURTHER PROGRESS—INCREASED DIVIDEND

The eleventh ordinary general meeting of this Trust was held, on the 28th ultimo, in London.

Mr Louis H. Kiek (chairman and managing director), who presided, said: It is a source of satisfaction to us that at the close of another trying and difficult period we are able to submit to you an account of our stewardship, indicating further progress on the road to recovery in our revenue as well as in our capital position.

At £96,776 our gross income shows an increase of £10,424 and the net profit at £51,338, an improvement of £5,400, or nearly 12 per cent. over the previous year's figure of £45,900.

The increased revenue is mainly derived from our investments in home and foreign commercial and industrial enterprises, a number of which have either re-entered the dividend list, thus rewarding many years of patience, or have given increased—in several cases substantially increased—distributions.

If you support our recommendation to distribute a dividend of 4 per cent., less income tax, on the ordinary stock, as against 3 per cent. last year, there will remain £5,338 to be added to the £38,871 brought in from the previous year, making £44,310.

We feel justified in making this recommendation of an increased dividend, not only by reason of the past year's results, but because of the expectation, based on as cautious an estimate as it is possible to make, that given reasonably stable conditions we should be able to maintain that distribution for the current book year.

The investments, now numbering 476, appear in our balance sheet at slightly over £1,950,000.

"Priority" securities, viz. loans to governments and public authorities, debentures and preference shares, stand at 51.2 per cent., against 52.1 per cent., and "equities" at 48.8 per cent., compared with 47.9 per cent. at the close of our previous year. In the geographical distribution we have adhered to the plan mapped out some years ago, as a result of which our interests in Great Britain and the Dominions now represent 47.2 per cent. of the total, against 43.7 per cent. last year; the principal change shown in the foreign group is in a further marked reduction in Germany, Austria and Hungary to 14 per cent.

The report and accounts were unanimously adopted.

JOHORE RUBBER LANDS, LIMITED

SATISFACTORY IMPROVEMENT IN RESULTS

The eleventh ordinary general meeting of Johore Rubber Lands, Limited, was held, on the 28th ultimo, at Winchester House, London.

Mr H. M. Graham (the chairman) said:—Gentlemen, it is very gratifying to us to be able to present a statement of affairs to you showing such a satisfactory improvement in results. The net profit earned—after providing £338 17s. 8d. for depreciation—amounts to £6,888, compared with £2,231 16s. 3d. for the previous year. It gives us pleasure to recommend the payment of a dividend for the year of 5 per cent., less tax, leaving £7,856 10s. 4d. to be carried forward against £6,455 19s. 8d. brought in.

The crop harvested amounted to 417,822 lb. of rubber, which represents a decrease compared with last year's crop of 65,678 lb. This decrease is due principally to the changeover from alternate-day to A.B.C. system of tapping and also to bad weather conditions experienced. Our f.o.b. cost for the year amounted to only 4½d. per lb., and, although this shows an increase over last year's cost of about ½d. per lb., I think you will agree that it is by no means unsatisfactory in view of the smaller crop harvested.

On the question of costs I would like to explain that, although it might be expected with the heavier releases now in force that further reductions may be anticipated, this, I fear, may not materialise owing to the increased wages now payable and to the increased cost of all materials.

Turning to the balance sheet, it will be observed that our financial position is sound, as cash in hand, War Loan, debtors and rubber stocks, less creditors, amount to £19,900 19s. 3d. Compared with last year, this shows an improvement of a little over £4,000, despite the fact that in the interval a dividend was paid, that is in respect of year ended March 31, 1936, amounting to £2,743 15s.

As regards the estate, the condition is satisfactory throughout, and, according to the last report received from our visiting agent, is efficiently and economically managed. We have no forward sales, and we will, therefore, be able to take advantage of any improvement in the selling price of the commodity.

The report and accounts were unanimously adopted.

TANGOEL RUBBER ESTATES, LIMITED

SATISFACTORY CONDITION OF ESTATES

The annual ordinary general meeting of the Tangoel Rubber Estates, Limited, was held, on the 28th ultimo, at the registered offices of the company, 5 Fenchurch Street, London, Mr Walter Hilliers (chairman of the company) presiding.

The Chairman, in the course of his speech, said: Particulars as to crops obtained and estimates for the current year, as well as of the forward sales, have all been stated in the report.

The average price realised for the year can be deemed satisfactory, being equal to 9½d. per lb. London equivalent; costs are also moderate, especially considering that they include the cost of rejuvenation and of licences.

Reports as regards the condition of the estates generally are gratifying, and have been considered by experts from the experimental station as particularly so. This applies to the old gardens as well as to the rejuvenated areas, namely, the areas replanted under the scheme permissible at present. The area replanted so far is 95 acres, and the replanting of the remaining about 150 acres is also in hand.

Pests, such as mildew and root diseases, which are under constant supervision, have not caused the management any anxiety.

Our young division, Wonokerto, has certainly proved a welcome addition to our planted area.

Our appreciation is due to our very able superintendent and also to the manager and staff for their efficient work.

We hope that the current year's results will show some further improvement.

I will now move:—

"That the directors' and auditors' reports and audited balance sheet and accounts to June 30, 1937, as circulated to the members, be taken as read, and that the same be and are hereby adopted, and that a dividend of 6 per cent. on the share capital of the company be declared and paid forthwith to the members on the books of the company at this date."

Sir Edward Rosling seconded the resolution, which was carried unanimously.

The retiring director (Sir Edward Rosling) was re-elected, and the auditors (Messrs Tribe, Clarke, Painter, Darton and Company) were re-elected.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for 12 days ended September 30, 1937, amounted to £15,988,000, against ordinary expenditure of £25,231,000. After decreasing Exchequer Balances by £213,516 the operations for the period, as shown below, increased the gross National Debt by £9,276,000, to about £8,213 millions.†

(000's omitted)

Treasury Bills.....	+ 34,677	Public Department Advances.....	— 28,615
P.O. and Teleg. (Money) Act ...	+ 3,500	National Savings Certificates	— 200
		National Savings Bonds	— 89
	+ 38,177		— 28,901

† Including £575 millions on account of Exchange Equalisation Account. There has been added back to the gross Debt £200 millions in respect of the issue to this Account made in the 10 days ended July 10 last. This issue is now shown separately in our usual table of aggregate issues and receipts since April 1, 1937.

An analysis of the approximate position of the National Debt, as at September 30, 1937, appears below.

NATIONAL DEBT—(Million £)

	Aug. 1, 1914	Dec. 31, 1919	Mar. 31, 1936	June 30, 1936	Sept. 30, 1936	Dec. 31, 1936	Mar. 31, 1937†	June 30, 1937†	Sept. 30, 1937†
2½% and 2½% Consols	573	300	300	300	300	300	300	300	300
4% Consols	...	...	401	401	401	401	401	401	401
2½% Conversion Loan	...	...	206	206	206	206	206	206	206
3½% Conversion Loan	...	...	302	302	302	302	302	302	302
3% Conversion Loan	...	...	739	739	739	739	739	739	739
4½% Conversion Loan	...	...	369	369	369	369	369	369	369
5% Conversion Loan	...	...	323	323	323	323	323	323	323
Term. Annuities	30	20	12	12	12	12	12	12	12
Debts to Banks	15	15	14	14	14	14	14	14	14
3½% War Stock, 1932	...	63	1,913	1,913	1,913	1,911	1,911	1,911	1,911
Other War Issues.....	3,569	...	...	...	...	...	...	...	...
2½% Funding Loan	...	...	126	198	198	200	200	200	200
2½% Funding Loan	...	...	56	101	101	101	101	101	101
3% Funding Loan	...	...	147	147	147	146	146	146	146
4% Funding Loan	...	...	356	356	356	353	353	353	353
2½% N. Defence Bonds	...	...	...	...	...	...	...	...	...
4% Victory Bonds	...	...	201	201	201	199	199	199	199
Treasury Bonds	20	323	172	130	130	100	100	100	100
Nat. Savings Certs. **	...	267	396	395	394	394	393	391	391
External Debt†	1,357	1,036	1,036	1,036	1,036	1,032	1,032	1,032	1,032
Treasury Bills	15	1,107	763	765	853	765	675	638	899
Temporary Advances	1	243	19	62	11	85	23	67	8
Other Cap. Liabilities	67	8,033	7,796	7,870	7,906	7,797	7,871	8,103	8,103
Total Liabilities*	711	8,079	7,902	7,975	8,008	8,047	7,910	7,981	8,213

†† Revised. † Estimates. Totals do not allow for sinking fund allocations, for which £44 millions has been provided from March 31 to September 30, 1937. * Excluding accrued interest on Savings Certificates, and the State's assets (e.g. debt from Exchange Equalisation Fund), and including holdings of Public Departments. ‡ After deducting transfers for Death Duties. § Exchequer Bonds, 1914 and 1919. ¶ Includes American. ** Includes Bonds (about £4 millions).

The Revenue return for the half-year ended September 30 is printed in full on page 10, but for the convenience of readers the usual weekly return for the week to September 25 is given below:—

REVENUE	Receipts into the Exchequer				
	Estimate for the year 1937-38	April 1, 1936, to Sept. 25, 1936	April 1, 1937, to Sept. 25, 1937	Week ended Sept. 25, 1936	Week ended Sept. 25, 1937
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	288,150,000	45,648,000	52,347,000	926,000	1,110,000
Sur-tax	58,000,000	5,840,000	6,620,000	200,000	40,000
Estate, etc., Duties	89,000,000	41,700,000	45,790,000	1,100,000	1,890,000
Stamps	29,000,000	10,220,000	9,670,000	490,000	110,000
Other Inland Revenue	1,500,000	120,000	140,000	...	...
Duties	2,000,000	...	...	...	...
National Defence Contribution	...	...	...	...	...
Total Inland Revenue	467,650,000	103,528,000	114,567,000	2,716,000	3,150,000
Customs and Excise—					
Customs	219,850,000	102,418,000	108,455,000	4,633,000	4,637,000
Excise	113,150,000	51,535,000	54,500,000	835,000	1,500,000
Total Customs and Excise	333,000,000	153,953,000	162,955,000	5,468,000	6,137,000
Motor Vehicle Duties	34,000,000	18,373,000	8,609,000	...	...
Post Office (Net Receipt)	11,800,000	5,600,000	6,300,000	Dr265,000	Dr155,000
Crown Lands	1,350,000	630,000	640,000	10,000	50,000
Receipts from Sundry Loans	4,300,000	2,917,968	3,404,854	...	...
Miscellaneous Receipts	11,000,000	9,886,267	3,839,771	51,965	54,576
Total Ordinary Revenue	863,100,000	284,888,235	300,315,625	5,595,965	7,441,576
SELF-BALANCING REVENUE					
Post Office (Revenue required to meet expenditure on Post Office and Broadcasting)...	75,198,000	32,500,000	33,900,000	3,800,000	3,200,000
Total	...	317,388,235	334,215,625	9,395,965	10,641,576

EXPENDITURE	Issues out of the Exchequer to meet payments				
	Estimate for the year 1937-38	April 1, 1936, to Sept. 26, 1936	April 1, 1937, to Sept. 25, 1937	Week ended Sept. 26, 1936	Week ended Sept. 25, 1937
ORDINARY EXPENDITURE					
Interest and Management of National Debt	224,000,000	103,850,358	106,632,423	227,678	272,451
Payments to Northern Ireland	8,000,000	2,983,770	3,416,307	248,464	346,786
Exchequer	3,200,000	1,067,382	1,575,404	53,749	59,750
Other Consolidated Fund Services	300,000	...	...	...	...
Post Office Fund	...	...	...	...	...
Total	235,500,000	107,901,510	111,624,134	529,891	672,987
Total Supply Services (excluding Post Office and Broadcasting)	162,734,800	125,624,819	281,298,747	18,246,230	10,082,750
Total Ordinary Expenditure	862,848,000	364,149,689	392,922,881	8,776,121	10,755,737
SELF-BALANCING EXPENDITURE					
Post Office Vote and Vote for Broadcasting	75,198,000	32,500,000	33,900,000	3,800,000	3,200,000
Total	...	396,649,689	426,822,881	12,576,121	13,955,737

† Including margin for Civil Supplementary Estimates but excluding £80,000,000 estimated to be met from borrowed moneys under the Defence Loans Act, 1937.
‡ Motor Vehicle Duties apportioned to Road Fund treated as Self-Balancing in 1936-37 now added to Revenue and Expenditure figures for purposes of comparison.

The aggregate issues and receipts from April 1, 1937, to September 30, 1937, are shown below:—

(000's omitted)		Movement	
		Week ended	Sept. 30, '37
Ordinary Expenditure	407,398	Ordinary Revenue	308,862
Issue to Exchange Equalisation Fund	200,000	Decrease in balances	190
		Gross borrowing	303,418†
		Less:—	
		New Sinking Fund	5,063
		Old S. Fund, 1907-08	9
		Net borrowing	298,346†
	607,398		607,398

† After adding back Exchange Equalisation Fund allocation, made in the ten days ended July 10, 1937, and now shown as a separate issue.

POSITION OF THE FLOATING DEBT

Ways & Means Advances Outstanding:	Sept. 30, '36	Mar. 31, '37	Sept. 30, '37	Sept. 30, '37
Advances by Bank of England	10,750,000	23,535,000	8,410,000	+28,615,000
Advances by Public Departments	852,705,000	674,595,000	899,095,000*	+34,740,000
Treasury Bills outstanding	...	...	...	...
Total Floating Debt	863,455,000	698,130,000	907,505,000	+6,125,000

* Includes £66,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £50,000,000 Treasury Bills were opened on Sept. 24, 1937. The amount applied for was £79,025,000. Tenders were accepted for Treasury bills at three months dated Monday at £99 17s. 6d. and above, in full; Tuesday to Thursday at £99 17s. 6d. about 53 per cent. and above, in full; Friday at £99 17s. 6d. and above, in full. Saturday at £99 17s. 6d. about 53 per cent. and above, in full. The average rate per cent. was 9s. 10.83d.

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 4, 1935	30,000,000	49,580,000	27,500,000	6 s. d.
July 5, 1935	40,000,000	60,905,000	40,000,000	0 12 4.82
January 3, 1936	35,000,000	68,075,000	35,000,000	0 10 10.72
July 8, 1936	50,000,000	72,750,000	50,000,000	0 12 1.27
January 1, 1937	45,000,000	75,450,000	40,000,000	0 12 5.68
April 2, 1937	45,000,000	73,025,000	43,000,000	0 10 10.88
July 2, 1937	45,000,000	72,860,000	42,000,000	0 11 0.48
September 17, 1937	50,000,000	87,355,000	50,000,000	0 9 11.18
September 24, 1937	50,000,000	79,025,000	50,000,000	0 9 10.83

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended August 28, 1937	496,454	572,340
Week ended September 4, 1937	530,244	597,683
Week ended September 11, 1937	506,714	580,035
Week ended September 18, 1937	538,245	609,694

The OCEAN

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

FOR ALL CLASSES OF INSURANCE

THE BANKERS' GAZETTE

BANK OF ENGLAND

RETURN FOR WEEK ENDED WEDNESDAY,
SEPTEMBER 29, 1937

ISSUE DEPARTMENT

Notes Issued:—	₹	Government Debt	₹
In Circulation	488,470,457	Other Government Securities	11,015,100
In Banking Department ...	37,936,168	Other Securities	188,670,728
		Silver Coin	304,343
			9,829
		Amount of Fiduciary Issue	200,000,000
		Gold Coin and Bullion.....	526,406,625
			526,406,625
	526,406,625		

BANKING DEPARTMENT

Proprietors' Capital	14,553,000	Government Securities	105,838,165
Reserve	3,735,653	Other Securities:—	
Public Deposits*	21,804,974	Discounts and Advances	6,190,550
Other Deposits:—		Securities	220,768,412
Bankers	95,122,308	Notes	26,958,982
Other Accounts	57,178,875	Gold and Silver Coin	37,936,168
	132,301,183		1,661,515
	172,394,810		172,394,810

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

Both Departments	Amount, Sept. 28, 1937		Inc. or Dec. on Last Week		Inc. or Dec. on Last Year	
	£	£	£	£	£	£
Notes circulation	488,470,457	+ 2,500,788	+ 36,074,488			
Public deposits	21,804,974	+ 6,141,096	+ 27,906,350			
Bankers' deposits	95,122,308	- 10,479,082	+ 84,403,789			
Other deposits	37,178,875	+ 935,934	+ 3,770,085			
Coin and bullion (bank's reserves)	642,576,814	+ 901,244	+ 41,798,842			
Total outside liabilities	18,288,853	+ 17,651	+ 2,105			
Capital and res.	305,523,993	- 1,013,642	- 34,182,484			
Government debt and securities	8,190,550	+ 982,519	+ 3,397,877			
Discounts and advances	21,072,755	- 888,035	+ 3,70,574			
Other securities	9,829	- 752	+ 306,917			
Silver coin in issue department	328,088,140	+ 36,517	+ 78,313,441			
Proportion of reserve to outside liabilities	39,597,683	- 2,464,271	- 20,761,047			
(a) Banking Department only ("proportion")	25.7%	- 1.0%	- 14.2%			
(b) Gold stocks to deposits and notes ("reserve ratio")	51.1%	+ 0.1%	+ 9.5%			

(000's omitted)

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1937 Sept. 8	526,407	489,148	11,969	105,702	26,256	NH	2
" 15	526,407	488,153	12,463	108,397	26,091	NH	2
" 22	526,407	485,970	15,684	105,601	26,243	NH	2
" 29	526,407	488,470	21,805	95,122	27,179	NH	2

(000's omitted)

Date	Issue Department		Both Depts.		Banking Department			Reserve and the "Proportion"
	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio	Govt. Securities	Discounts & Advances	Other Securities		
1937 Sept. 8	199,309	679	328,026	51	107,142	5,121	21,030	38,878
" 15	199,661	327	328,048	50	109,073	5,038	21,199	39,685
" 22	199,670	320	328,032	51	106,868	5,208	21,641	42,062
" 29	199,686	304	328,068	51	105,838	6,191	20,768	39,598

BANKERS' CLEARING RETURNS

LONDON (000's omitted)

	Town	Metropolitan	Country	Total
January 1 to September 15, 1937	26,430,610	1,541,075	2,685,618	30,657,303
Week ended September 22, 1937	612,783	35,016	64,788	712,587
Week ended September 29, 1937	632,532	35,647	63,605	731,784
Total to date, 1937	27,675,925	1,611,738	2,824,011	32,111,674
Total to date, 1936	24,764,251	1,461,129	2,586,727	28,812,107
Increase or decrease in 1937	+2,911,674	+150,609	+237,284	+3,299,567
	= 11.7%	= 8.4%	= 10.0%	= 11.4%
Total for year 1936	35,039,356	2,039,620	3,537,586	40,616,574
Total for year 1935	32,443,575	1,887,112	3,229,064	37,559,751
Increase or decrease in 1936	+2,595,781	+152,508	+308,524	+3,056,823
	= 8.0%	= 8.1%	= 9.6%	= 8.2%

PROVINCIAL (000's omitted)

No. of working days:	Week ended September 25		Month of August (Dublin excluded)		Inc. or Dec.	Aggregate Totals, January 1 to September 25	
	1936	1937	1936	1937		1936	1937
BIRMINGHAM	2,162	1,924	9,584	9,116	- 4.8	98,361	99,709
BRADFORD	938	924	3,662	4,121	+ 12.5	36,513	39,721
BRISTOL	1,162	1,134	4,952	5,017	+ 1.3	48,308	48,730
DUBLIN	5,098	5,038	...	...	...	214,720	220,408
LEICESTER	745	758	3,293	3,638	+ 10.4	31,078	34,780
HULL	673	683	3,471	3,341	- 3.7	34,848	38,288
LEEDS	601	633	2,638	2,732	+ 3.5	27,593	28,864
LIVERPOOL	5,373	5,402	24,411	26,153	+ 7.1	230,745	265,024
MANCHESTER	8,310	8,526	41,284	43,974	+ 6.5	381,270	418,878
NEWCASTLE	1,226	1,332	5,524	6,483	+ 17.3	49,625	56,354
NOTTINGHAM	336	388	1,967	1,916	- 2.5	19,195	19,659
SHEFFIELD	665	652	4,356	4,442	+ 1.9	37,841	41,684
	27,289	27,395	105,142	110,933	+ 5.5	1,210,097	1,312,099

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Bank of Turkey appeared in *The Economist* for June 26, 1937. Denmark and International Settlements in September 11. Bulgaria, Estonia, Greece, Java, Norway, Portugal and Roumania, in September 18. Argentina, Federal Reserve Reporting Members, Hungary, New Zealand and Poland in September 25.

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

U.S.F.R. BANKS	Oct. 1, 1936	Sept. 9, 1937	Sept. 16, 1937	Sept. 23, 1937	Sept. 30, 1937
Gold Certificates on hand and due from the Treasury	8,384,680	8,830,890	9,129,890	9,129,890	9,127,390
Total reserves	8,658,560	9,111,100	9,435,400	9,446,970	9,453,960
Total cash reserves	261,440	271,250	296,320	308,420	316,140
Total bills discounted	9,450	23,560	23,080	24,190	23,590
Total bills on open market	3,100	3,080	3,070	3,130	3,030
Total bills on hand	12,550	26,640	26,700	27,220	26,620
Industrial advances	28,140	20,710	20,600	20,600	20,600
Total U.S. Govt. securities	2,430,230	2,528,190	2,526,190	2,526,190	2,526,190
Total bills and securities	2,470,920	2,573,530	2,573,080	2,574,010	2,573,400
Total resources	11,862,200	12,369,530	12,979,510	12,824,630	12,775,450
Federal Reserve notes in actual circulation	4,049,140	4,295,480	4,271,310	4,253,160	4,246,270
Aggregate of excess member bank reserves over requirements	1,840,000	760,000	890,000	1,020,000	1,060,000
Deposits—Member bank—reserve account	6,356,950	6,709,990	6,884,730	6,977,190	7,032,830
Government deposits	252,740	130,390	347,690	193,490	140,270
Total deposits	6,609,690	7,154,430	7,525,230	7,532,740	7,542,100
Capital paid in and surplus	302,750	305,930	305,930	305,930	305,930
Total liabilities	11,862,200	12,369,530	12,979,510	12,824,630	12,775,450
Ratio of total reserves to deposit and F.R. note liabilities combined	79.5%	79.6%	80.0%	80.2%	80.2%
U.S.F.R. BANKS AND TREASURY COMBINED					
Monetary Gold Stock	10,845,000	12,604,000	12,651,000	12,694,000	12,734,000
Treasury and National Bank Currency	2,511,000	2,587,000	2,590,000	2,593,000	2,596,000
Money in Circulation	6,266,000	6,597,000	6,554,000	6,529,000	6,520,000
Treasury Cash and Deposits with Federal Reserve Banks	2,711,000	3,888,000	3,843,000	3,730,000	3,715,000

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted)

	Oct. 1, 1937	Sept. 9, 1937	Sept. 16 1937	Sept. 23, 1937	Sept. 30, 1937
Total gold reserves	3,182,910	3,321,230	3,621,240	3,640,180	3,694,280
Total bills discounted	7,000	15,760	15,610	15,210	14,660
Bills bought in open market	1,100	1,091	1,080	1,070	1,070
Total U.S. Govt. securities	680,580	725,030	725,030	725,030	725,030
Total bills and securities	675,620	747,280	747,110	746,700	746,140
Deposits—Member-bank— reserve	2,752,380	2,846,050	2,970,600	3,147,900	3,223,270
Ratio of total res. to dep. and Federal Res. note liabilities combined	84.1%	83.6%	84.5%	84.8%	84.9%

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

Assets	Sept. 23, 1937	Aug. 31, 1937	Sept. 7, 1937	Sept. 15, 1937	Sept. 25, 1937
Cash reserve	242,730	243,069	243,081	243,090	243,100
Gold coin and bullion	133,182	136,747	140,883	140,391	141,314
Other foreign exchange	213,838	191,081	189,729	191,520	189,991
Bills discounted	624,444	620,152	620,152	620,152	620,152
Federal debt					
Notes in circulation	844,036	914,703	883,870	855,023	823,825
Deposits	368,261	268,161	323,743	331,937	365,721

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

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

Assets	Sept. 23, 1937	Aug. 31, 1937	Sept. 9, 1937	Sept. 15, 1937	Sept. 23, 1937
Gold	2,594,550	2,573,947	2,572,945	2,572,485	2,571,724
Balances abroad and foreign currency	53,509	371,444	357,579	359,355	380,844
Discounts and advances	1,713,207	2,285,745	2,300,008	2,200,807	2,161,043
State notes debt balance	2,031,607	2,014,039	2,014,037	2,014,020	2,013,942
LIABILITIES					
Bank notes in circulation	5,493,934	6,250,489	6,093,507	5,847,727	5,736,331
Deposits	655,746	128,330	381,467	513,978	641,759

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

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

Assets	Sept. 22, 1937	Sept. 8, 1937	Sept. 15, 1937	Sept. 22, 1937
Cash reserve	1,531,375	1,692,229	1,693,109	1,694,223
Gold at home and abroad	576,246	733,130	743,096	726,240
Other foreign exchange	1,666,413	1,589,649	1,580,286	1,573,276
Bills and advances against security	1,687,639	1,651,718	1,651,771	1,651,800
Government advances				
LIABILITIES				
Notes in circulation	5,108,180	5,860,332	5,808,117	5,737,879
Sight deposits	1,646,883	2,209,482	2,308,372	2,419,783

BANK OF DANZIG.—In Danzig gulder (000's omitted)

Assets	Sept. 15, 1937	June 30, 1937	July 15, 1937	July 31, 1937	Aug. 14, 1937	Aug. 31, 1937	Sept. 15, 1937
Gold coin and bullion	20,808	28,119	28,117	28,110	28,111	28,111	28,111
Danzig subord. coin	4,601	4,134	4,580	3,761	4,369	4,059	4,462
Balances abroad and foreign bills	11,164	3,097	2,405	1,958	1,974	2,412	2,272
Discounts	14,351	13,025	13,794	13,517	13,324	13,227	13,547
LIABILITIES							
Notes in circulation	28,886	32,961	30,483	34,621	31,375	34,281	31,172
Deposits on demand	12,346	12,120	15,615	11,135	14,447	12,974	17,039

BANK OF FINLAND.—In F. Marks (000's omitted)

Assets	Sept. 15, 1937	Aug. 23, 1937	Aug. 31, 1937	Sept. 8, 1937	Sept. 15, 1937
Gold reserve	596,882	602,841	602,826	602,806	602,786
Gold abroad not included in the gold reserve	70,738	37,003	37,003	37,003	31,976
Foreign correspondents	1,127,118	2,114,788	2,159,137	2,084,748	2,049,534
Foreign bills, bank notes, and coupons	84,225	90,942	87,322	85,448	89,530
Inland bills and other home loans	946,578	1,003,600	985,640	1,011,488	1,006,115
Finland and foreign bonds	491,425	531,327	530,229	515,791	511,878
LIABILITIES					
Notes in circulation	1,506,494	1,811,478	1,898,241	1,913,608	1,931,795
Government deposits at sight	68,558	368,760	325,068	291,552	210,896
Other deposits at sight	641,831	1,008,851	929,070	908,021	929,579
Ratio of ordinary cover to liabilities at sight	73.61	78.54	78.56	79.21	79.08

BANK OF LITHUANIA.—In lt. (000's omitted)

Assets	Sept. 15, 1937	July 15, 1937	July 31, 1937	Aug. 15, 1937	Aug. 31, 1937	Sept. 15, 1937
Gold	65,210	76,655	76,656	76,664	76,667	76,670
Silver and other coins	5,287	11,104	11,262	11,025	11,299	11,087
Foreign currency	8,222	2,126	2,520	2,496	2,480	2,550
Discounts	69,464	79,783	80,522	82,331	86,084	86,639
Advances	13,010	15,444	16,016	15,937	16,355	16,391
LIABILITIES						
Bank notes in circulation	103,933	107,241	109,512	109,007	113,444	111,158
Current accounts	43,210	54,276	60,399	62,738	53,797	58,709
Deposits	12,594	24,978	23,097	21,969	24,360	23,570

BANK OF JAPAN.—In yen (000's omitted)

Assets	Sept. 5, 1937	Aug. 14, 1937	Aug. 21, 1937	Aug. 28, 1937	Sept. 4, 1937
Gold coin and bullion	534,179	459,580	446,329	801,000	801,000
Other coin and bullion	62,528	51,326	50,565	47,982	47,370
Discounts	540,427	562,296	547,185	576,381	507,243
Advances	190,717	272,928	285,967	261,250	261,065
Advances on foreign bills	54,169	114,242	118,017	135,181	117,135
Government bonds	507,511	802,053	815,843	840,895	839,632
LIABILITIES					
Notes issued	1,313,375	1,469,796	1,479,077	1,579,608	1,522,414
Government deposits	355,312	357,586	317,469	380,985	340,797
Other deposits	57,635	63,292	75,896	76,651	66,853

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

Banking Department — LIABILITIES	Aug. 31, 1937	June 30, 1937	July 31, 1937	Aug. 31, 1937
Capital	2,925	2,925	2,925	2,925
Reserves	2,925	2,925	2,925	2,925
Government deposits	5,275	10,011	8,530	7,869
Other deposits	19,285	18,455	18,139	18,259
Other accounts	3,544	3,919	4,163	4,344
Cash: Notes	1,512	1,344	1,302	1,588
Gold, silver, etc.	728	686	690	694
Money at call and short notice	965	1,458	931	1,077
Investments	24,200	25,283	24,528	24,299
Advances	3,230	3,049	2,924	3,219
Bills	884	1,141	947	816
Other accounts	2,435	5,274	5,358	4,649
Notes issued	Aug. 31, 1937	June 30, 1937	July 31, 1937	Aug. 31, 1937
Notes issued	20,900	21,200	20,500	20,800
Assets				
Gold	6,241	6,241	6,241	6,241
British Treasury Bills and bonds	5,444	5,744	5,044	5,144
British War Loan at par	7,715	7,715	7,715	7,715
Egyptian Government securities at market price	1,500	1,500	1,500	1,500

BANK OF LATVIA.—In lats† (000's omitted)

Assets	Sept. 21, 1937	Aug. 23, 1937	Aug. 30, 1937	Sept. 6, 1937	Sept. 13, 1937	Sept. 20, 1937
Gold coin and bullion	46,428	77,475	77,475	77,476	77,478	77,479
Silver coin	16,149	15,189	14,985	14,786	14,784	14,617
Foreign currency	11,328	40,177	40,870	43,399	42,403	44,286
Treas. notes and small change	11,557	7,889	7,128	7,286	7,689	7,176
Short-term bills	50,383	49,732	49,622	49,656	49,218	49,675
Loans against securities	77,959	69,594	70,611	71,905	73,119	74,854
LIABILITIES						
Notes in circulation	35,919	48,620	50,506	50,769	50,317	53,292
Deposits	19,489	21,396	21,388	21,436	21,377	21,376
Current accounts	106,544	121,101	119,587	121,770	117,768	119,801
Government accounts	45,172	60,629	61,304	61,885	60,133	61,522

† Gold francs up to and including September 28, 1936, only.

MONEY AND EXCHANGE RATES

LONDON MONEY RATES

	Sept. 23, 1937	Sept. 24, 1937	Sept. 25, 1937	Sept. 27, 1937	Sept. 28, 1937	Sept. 29, 1937	Sept. 30, 1937
Bank rate (changed from 2½% June 30, 1937) ...	2½	2½	2½	2½	2½	2½	2½
Market rates of discount—							
60 days' bankers' drafts	2½	2½	2½	2½	2½	2½	2½
3 months' do.	2½	2½	2½	2½	2½	2½	2½
6 months' do.	2½	2½	2½	2½	2½	2½	2½
Discount Treasury Bills—							
2 months'	2½	2½	2½	2½	2½	2½	2½
3 months'	2½	2½	2½	2½	2½	2½	2½
Loans—Day-to-day—							
Short	2½	2½	2½	2½	2½	2½	2½
Deposit allowances: Bank	2½	2½	2½	2½	2½	2½	2½
Discount houses at call	2½	2½	2½	2½	2½	2½	2½
At notice	2½	2½	2½	2½	2½	2½	2½

Comparison with previous weeks

	Sept. 2, 1937	Sept. 9, 1937	Sept. 16, 1937	Sept. 23, 1937	Sept. 30, 1937
Short Loans	2½	2½	2½	2½	2½
Bank Bills	2½	2½	2½	2½	2½
Trade Bills	2½	2½	2½	2½	2½
3 Months	2½	2½	2½	2½	2½
4 Months	2½	2½	2½	2½	2½
6 Months	2½	2½	2½	2½	2½

LONDON RATES OF EXCHANGE

I.—Spot Rates (Range of the day's business)

London on	Par of Exch. per £	Sept. 24, 1937	Sept. 25, 1937	Sept. 27, 1937	Sept. 28, 1937	Sept. 29, 1937	Sept. 30, 1937
New York, \$	4.86	4.94-95	4.94-95	4.95-95	4.94-95	4.94-95	4.94-95
Montreal, \$	4.86	4.94-95	4.94-95	4.95-95	4.94-95	4.94-95	4.94-95
Paris, Fr.....	124.21	124.1-1	144.1-1	144.1-1	144.1-1	144.1-1	144.1-1
Brussels, Bel.	35.00(a)	93.1-94.1	94.1-94.1	94.1-94.1	93.1-94.1	93.1-94.1	93.1-94.1
Milan, L.....	92.46	94.05	95.00	94.10	94.10	94.05	94.05
Zurich, Fr.....	25.22	21.53-56	21.55-58	21.55-58	21.53-56	21.52-55	21.54-56
Athens, Dr.....	375	540-555	540-555	540-555	540-555	540-555	540-555
He's'ors, M.....	193.23	225.1-226.1	225.1-226.1	225.1-226.1	225.1-226.1	225.1-226.1	225.1-226.1
Madrid, P.....	25.22	70-100(f)	70-100(f)	70-100(f)	70-100(f)	60-100(f)	60-100(f)
Lisbon, Esc.....	110	110-110	75-00	75-00	75-00	75-00	75-00
Amst'dm, Fl.....	12.107	8.94-96	8.94-96	8.95-96	8.95-96	8.94-96	8.94-96
Berlin, Mk.....	20.43	12.31-34	12.32-35	12.32-35	12.31-34	12.31-34	12.31-34
Registered							
Vienna, Sch.....	(c) 34.58	44.49	44.49	44.49	43.48	43.48	43.48
Bu'pest, Pen.....	27.82	24-25	24-25	24-25	24-25	24-25	24-25
Prague, Kc.....	164.1	141.1	141.1	141.1	141.1	141.1	141.1
Danzig, Gul.....	25.00	26-26	26-26	26-26	26-26	26-26	26-26
Warsaw, Zl.....	43.98	26-26	26-26	26-26	26-26	26-26	26-26
Riga, Lat.....	25.22	24-25	24-25	24-25	24-25	24-25	24-25
Bucharest, Lei	813.8	660-685	660-685	660-685	660-685	660-685	660-685
Const'ple, Pat	110	620*	620*	620*	620*	620*	620*
Belgrade, Din	278.32	211-221	211-221	211-221	211-221	211-221	211-221
Kovno, Lit.....	48.66	29-30	29-30	29-30	29-30	29-30	29-30
Sofia, Lev.....	673.66	390-420	390-420	390-420	390-420	390-420	390-420
Tallinn, E. Kr.	18.159	17.1-18.1	17.1-18.1	17.1-18.1	17.1-18.1	17.1-18.1	17.1-18.1
Oso, Kr.....	18.159	19.85-95	19.85-95	19.85-95	19.85-95	19.85-95	19.85-95
S'holm, Kr.....	18.159	19.35-45	19.35-45	19.35-45	19.35-45	19.35-45	19.35-45
Cop'n'gen, Kr.	18.159	22.35-45	22.35-45	22.35-45	22.35-45	22.35-45	22.35-45
Alex'dria, Pat	97.1	97.1	97.1	97.1	97.1	97.1	97.1
Br. India Rup	† 18d.	18.1	18.1	18.1	18.1	18.1	18.1
Hong Kong	† 24.58d.	14.1-15.1	14.1-15.1	14.1-15.1	14.1-15.1	14.1-15.1	14.1-15.1
Shanghai, Yen	† 28d.	13.1-14.1	13.1-14.1	13.1-14.1	13.1-14.1	13.1-14.1	13.1-14.1
Singapore, S.	† 28d.	14.1	14.1	14.1	14.1	14.1	14.1
Batavia, F.	12.11	8.91-95	8.92-96	8.91-95	8.91-95	8.91-94	8.91-95
Rio, Mil.....	75.899d.	3.1-3.4	3.1-3.4	3.1-3.4	3.1-3.4	3.1-3.4	3.1-3.4
B. Aires, \$...	11.45	16.53-59	16.52-58	16.51-57	16.52-57	16.53-58	16.54-59
Valparaiso, \$	40	124e(f)	124e(f)	124e(f)	124e(f)	124e(f)	125e(f)
M'video, \$...	† 51d.	27.1-28.1	27.1-28.1	27.1-28.1	27.1-28.1	27.1-28.1	27.1-28.1
Lima, Sol.....	17.38	18.1-19.1	18.1-19.1	18.1-19.1	18.1-19.1	18.1-19.1	18.1-19.1
Mexico, Pes.....	9.76	17.1-18.1	17.1-18.1	17.1-18.1	17.1-18.1	17.1-18.1	17.1-18.1
Manila, Pes.....	† 24.68d.	24.1	24.1	24.1	24.1	24.1	24.1
Moscow, Rbls.		26.23-23	26.23-24	26.23-24	26.23-23	26.22-23	26.22-23
B'ngkok, Baht	† 21.82d.	22.22	21.22	21.22	21.22	21.22	21.22

GOLD MOVEMENTS: BANK OF ENGLAND

1937	ARRIVALS	1937	WITHDRAWALS
Sept. 24	£ Nil	Sept. 24	£ Nil
" 25	" Nil	" 25	" Nil
" 26	" Nil	" 26	" Nil
" 27	" Nil	" 27	" Nil
" 28	" Nil	" 28	" Nil
" 29	" Nil	" 29	" Nil
" 30	" Nil	" 30	" Nil
Total	Nil	Total	Nil
Movement, Sept. 24 to Sept. 30, 1937 (inclusive)..... Nil			
Movement during year 1936..... £113,609,527 in			
Movement during 1937 (January 1 to Sept. 30, inclusive)..... £12,745,963 in			
Movement, April 29, 1925, to Sept. 30, 1937 (inclusive)..... £167,312,687 in			
Movement, September 21, 1931 (gold standard suspended) to Sept. 30, 1937 (inclusive)..... £190,458,915 in			

GOLD MARKET

Messrs Samuel Montagu and Company write on September 29, 1937:—The Bank of England gold reserve against notes amounted to £326,406,825 on September 22nd, showing no change as compared with September 15th. Conditions in the open market were active and there was a good inquiry at the daily fixing for the amounts available, which totalled about £2,800,000 during the week. Offerings were mostly taken for holding purposes and the demand was sufficient to maintain prices at a slight premium over dollar exchange parity. The s.s. "Strathaird," which left Bombay on September 25th, carries gold to the value of about £342,000. The Southern Rhodesian gold output for August, 1937, amounted to 69,460 fine ounces as compared with 67,093 fine ounces for July, 1937, and 68,830 fine ounces for August, 1936.

SILVER MARKET

For the first four days of the week under review prices remained unchanged at 19½d. for cash and 19¼d. for two months' delivery, conditions being rather quiet and the level just above that at which American buyers were interested. On September 28th the Indian bazaars were inclined to sell and prices eased to 19½d. and 19¼d. for the respective deliveries and there was some American support at the decline. The renewal of Indian selling has made the tone of the market a little uncertain, but in view of the firmer tendency of the dollar, American interest should continue to be in evidence at or slightly below the present level.

Quotations for gold and silver are shown below:—

1937	Price of Gold per Fine Ounce	Equivalent Value of £ sterling	Price of Bar Silver in London per ounce standard	Price of Silver New York per ounce .999 fine
			Cash	Two Months
Sept. 23	s. d.	s. d.	d.	d.
" 24	140 6	12 1-12	19½	19½
" 25	140 6	12 1-12	19½	19½
" 26	140 6	12 1-12	19½	19½
" 27	140 6	12 1-12	19½	19½
" 28	140 6	12 1-12	19½	19½
" 29	140 6	12 1-12	19½	19½
" 30	140 6	12 1-12	19½	19½
Average	140 6-08	12 1-11	19½	19½
Sept. 30	140 7½	12 0-99	19½	19½

The highest rate of exchange on New York recorded during the period from September 23rd to 29th was \$4-95½ and the lowest \$4-94½.

OTHER STATISTICS

NINE MONTHS' NEW CAPITAL

(See Leading Article on page 4)

ANALYSIS OF NEW CAPITAL APPLICATIONS (EXCLUDING CONVERSIONS)

	Total for First Nine Months			
	Old Basis		New Basis	
	1936	1937	1936	1937
British Government Loans	Dr. 750,000	86,850,000	Dr. 750,000	144,237,100
Colonial Government Loans	Nil	784,900	Nil	305,600
Foreign Government Loans	Nil	940,000	3,429,000	2,019,800
British Corporations, Counties and Public Boards	58,445,300	31,778,800	58,381,000	32,381,000
Colonial Corporation Loans	1,980,000	3,358,800	1,980,000	3,358,800
British Railways	Nil	27,300	Nil	Nil
Colonial Railways	Nil	258,000	Nil	258,000
Foreign Railways	Nil	326,000	Nil	96,000
Australian Mines	1,172,500	2,942,700	1,405,400	4,662,800
South African Mines	6,963,000	3,387,800	8,999,800	14,111,700
Other Mines	1,711,500	1,537,000	7,017,900	14,688,200
Exploration Financial and Investment Trust	7,388,000	9,616,100	18,344,100	25,387,100
Merchants and Distillers	2,442,800	2,808,000	6,609,400	8,183,800
Merchants, Importers, etc.	532,200	Nil	632,200	25,300
Stores and Trading	324,500	2,844,100	7,705,100	5,668,800
Estates and Land	1,227,800	527,300	1,181,900	1,181,900
Rubber	1,384,800	1,848,900	1,463,700	2,383,300
Oil	641,000	835,200	1,013,400	29,831,400
Iron, Coal, Steel and Engineering	13,326,700	15,571,800	20,899,800	25,082,700
Electric Light, Power, Telegraphs and Telephones	4,803,700	9,217,000	5,984,100	10,777,100
Tramway and Omnibus	83,400	408,000	7,200,500	4,709,500
Motor Traction and Manufacturing	1,505,800	839,000	6,492,700	2,522,200
Gas and Water	624,300	1,854,100	7,764,400	5,432,400
Hotels, Theatres and Entertainment	1,947,200	3,487,400	3,198,300	3,861,100
Patents and Proprietary Articles	275,800	1,518,700	1,891,400	3,446,200
Docks, Harbours and Shipping	62,800	773,600	2,307,600	7,492,000
Banks and Insurance	2,488,400	771,100	2,488,400	7,140,800
Manufacturing and Miscellaneous	26,541,300	18,481,700	71,711,300	48,160,700
Totals	132,462,000	211,924,900	247,760,800	407,119,100

PRINCIPAL ISSUES DURING THE PAST QUARTER

Month Issued	Description of Issue	Nomina Amount	Issue Price	Price, Sept. 30, 1937
July	Public Offers			
July	Iraq (Kingdom of) 4½% Ster. Bds. 1937-42	1,000,000	94	£-11 pm
July	Middlesex County Council 3½% Stock 1937-42	3,500,000	101	£-1 pm
July	Essex (County of) 3½% Stock 1937-42	1,700,000	101	£-1 pm
July	Cape Town (City of) 3½% Red. Str. 1937	1,350,000	100½	98½-98½
July	Johannesburg (City of) 3½% Loan 1937	1,000,000(s)	89	98½-98½
July	Imperial Airways £1 ordinary shares (20/- paid)	1,000,000	30½	19½-20/6
July	Odeon Theatres 5% Dcls.	1,800,000	99	7½-8½ ds
Aug.	By Stock Exchange Introduction			
Aug.	3% Tithe Redemption Stock	46,500,000	87½(d)	86½-87½
Aug.	Colony of Mauritius 3½% Inscribed Stock	301,800	101½(d)	101
July	Blyvooruitzicht £10/- ord. shares	2,189,750	13½(d)	14½-15½
July	By Permission to Deal			
July	Anglo-Iranian Oil £1 ordinary shares	6,712,500(f)	86½(d)	86½

(d) Price at which dealings commenced.
(s) All for conversion purposes.
(f) Represents a 50 per cent. capital bonus.

DIVIDEND ANNOUNCEMENTS

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

Name of Company	* Interim or † Final	Date of Pay- ment	Comparison with Last Year	Total	
				Latest Year	Previous Year
BANKS					
Anglo-Palestine Bank	4%*	...	13%*	%	%
Bank of England	6%*	...	Same	...	...
INSURANCE					
General Accident Assurance	7½%*	Nov. 1	7%*	...	...
Sea Insurance	8½%*	Oct. 14	Same	...	...
TEA AND RUBBER					
Bernam Perak Rubber	7½%*	Oct. 8	...	12½	5
Ceylon Land and Produce	7½%*	...	...	10	5
Craighead Tea	3%*	Oct. 4	2½%*	...	...
Dangan Rubber	3%*	Oct. 29	...	...	4
Karmen Rubber	...	Oct. 27	...	...	4
Kuala Kubu Rubber	...	...	...	7½	3½
Lanka Plantations	...	Oct. 30	...	12	5
Parit-Bruas Rubber	12%*	Oct. 21	6%*	22	11
Pataul Para Plantations	8%*	...	...	12	7½
Rosevale Rubber	6½%*	Oct. 7	2½%*	...	...
Selangor Rubber	3%*	...	Nil*	...	7
Sungei Way Rubber	4%*	...	...	...	9
Sungkap Para Plantations	8%*	Oct. 14	...	12	7½
MINING					
Beralt Tin and Wolfram	10%*	...	First	...	...
Chenderiang Tin	10%*	...	6%*	...	...
Globe and Phoenix Gold	130%*	Nov. 6	Same	17½	11
Mawchi Mines	40%*	Nov. 1	22½%*	...	82½
Mufulira Copper Mines	...	...	First	15	...
Rhokana Corporation	37½%*	Oct. 27	...	62½	17½
Sungei Way Tin	10%*	Oct. 19	5%*	...	...
RAILWAYS					
San Paulo Railway	12%*	Oct. 22	Same	...	...
OTHER COMPANIES					
Anglo-Greek Magnesite	3%*	Sept. 30	2½%*	...	...
Associated Portland Cement	7½%*	Sept. 30	Same	...	...
Atkinson-Oates Motors	(s) 40%*	...	Same	(s) 60	60
Barry and Staines Linoleum	5%*	Oct. 27	Same	...	...
Batchelor's Peas	7½%*	Oct. 15	First	10	...
Bent and Son	7½%*	Sept. 30	First	...	...
British Portland Cement	7½%*	Oct. 8	Same	...	...
Bucknall (Henry)	...	...	...	15	8
Clarendon Property	3%*	Oct. 15	3½%*	5	...
Colman (J. and J.)	5%*	Nov. 1	Same	6	...
Dean (W. H.) and Son	...	...	First period	25	...
Edinburgh Investment Trust (Def.)	3%*	...	Same	...	...
Electric and Musical Industries	8%*	...	First period	10	10
Elephant Trading Holdings	16%*	...	15%*	15	...
Firth (Thos.) and Brown (John)	3%*	...	...	...	...
Fleming and Ferguson	...	...	...	...	...
Hall (L.) Edmonton	7½%*	Oct. 12	Same	7½	3
Heath (Henry)	7½%*	Oct. 15	Same	...	...
Hutton (John) V.	2½%*	Oct. 14	Same	...	...
India Rubber, Gutta Percha, etc.	6%*	Sept. 30	Same	9	9
Kirklees	...	...	...	6	4
Lancashire Electric Light	(12)½%*	...	Same	...	...
Laas (H.)	3%*	...	First period	7	...
Laycock Engineering	6%*	Oct. 31	...	5	5
Leathams (Twifit)	4½%*	Oct. 18	Same	9	9
London United Laundries	12½%*	Nov. 1	Same	7	7
Lucas (Joseph)	7½%*	Oct. 16	First	15	15
Mallinson (George)	2½%*	Oct. 18	Same	...	...
Marconi International Marine	12½%*	...	...	17½	15
Max Stone	...	...	...	...	...
Murray (D. and W.)	...	...	First since 1928-29	3	Nil
Philips Incandescent Lamp					
Philips (Godfrey)	2½%*	Oct. 14	...	18½	6
Ragusa Asphalt	5%*	Oct. 5	Same	...	...
Rawlplug	10%*	Oct. 12	Nil*	...	...
Rover Co.	...	...	...	17½	10½
Singleton and Cole	6%*	Sept. 29	Same	...	...
Smith's Potato Crisps	7½%*	Oct. 15	Same	...	...
Smith's (Thomas) Stamping	...	...	...	...	...
Stansfield and Co.	7½%*	Sept. 30	5%*	10	7½
Tayside Floorcloth	4%*	...	Same	...	...
Trent Motor Traction	5%*	...	Same	...	...
United Premier Oil	5%*	Oct. 15	4%*	...	...
United States, etc., Investment	2½%*	Oct. 5	Same	...	...
Venesta	6%*	Nov. 2	Same	10	10
Vestfold Whaling	15%*	...	...	20	15
Viking Whaling	15%*	...	10%*	20	15
Wallis Tin Stamping	10%*	...	First year	15	...
Wearmouth Coal	5%*	Oct. 8	2½%*	...	...
Wilson (George) Gas Meters	10%*	...	First	...	...
Wombwell Foundry, etc.	...	...	...	8½	...

* Free of income tax. (a) Paid on an ordinary capital of £487,595 against an ordinary capital of £397,814 a year ago.
(f) Paid on a larger capital.

WEEKLY TRAFFIC RETURNS

RAILWAYS OF GREAT BRITAIN AND IRELAND

	Miles Open	Gross Receipts, week ended Sept. 28, 1937 (£'000)					Aggregate Gross Receipts, compared with 1936 (38 weeks) (£'000)				
		Passenger	Merchandise	Coal and Coke	Goods	Total	Passenger	Merchandise	Coal and Coke	Goods	Total
Great Western { 1937 3,738 225 209 108 317 542 8,599 7,528 4,208 11,736 20,335 { 1936 3,739 220 203 97 300 520 8,361 7,226 3,767 10,993 19,354											
(c) L. & N. { 1937 6,315 347 348 256 604 951 13,324 12,709 9,290 21,999 35,323 { 1936 6,332 344 335 239 574 918 12,737 12,248 8,725 20,973 33,710											
L. M. & S. { 1937 6,871 538 516 262 778 1,316 20,343 18,504 9,569 28,073 48,416 { 1936 6,888 539 497 230 727 1,260 19,569 17,977 9,025 27,002 46,571											
Southern { 1937 2,157 321 70 30 100 421 12,801 2,338 1,124 3,463 16,264 { 1936 2,153 306 72 29 101 407 12,159 2,398 1,155 3,553 15,712											
Total { 1937 19,081 1,431 1,143 656 1,799 3,230 55,067 41,080 24,191 65,271 120,338 { 1936 19,122 1,403 1,107 595 1,702 3,105 52,826 39,949 22,672 62,521 115,347											
(c) Belfast & Co. Down { 1937 80 2-4 ... 0-3 2-7 104-9 ... 18-1 123-0 { 1936 80 2-6 ... 0-4 3-0 106-1 ... 20-6 126-7											
(c) Great Northern { 1937 543 11-5 ... 9-7 21-2 437-2 ... 355-8 793-0 { 1936 543 11-7 ... 9-5 21-2 426-8 ... 389-0 795-8											
(c) Great Southern { 1937 2,076 37-5 ... 41-5 79-0 1,436-9 ... 1,544-4 2,981-3 { 1936 2,124 39-1 ... 41-3 80-4 1,426-5 ... 1,572-8 2,999-3											

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

	Great Western	L.M.S.	L.N.E.R.	Southern
Second half-year, 1936, compared with second half-year, 1935 :—	£	£	£	£
Gross increase or decrease...	+ 49½	+ 1,575	+ 751	+ 378
First half-year, 1937, compared with first half-year, 1936 :—				
Gross increase or decrease...	+ 670	+ 1,329	+ 1,187	+ 359
Second half-year, 1937, compared with second half-year, 1936 :—				
12 weeks to Sept. 25, 1937	+ 311	+ 516	+ 426	+ 193
Weekly average second half 1937...	+ 25½	+ 43	+ 35½	+ 16½
Latest week 1937 compared with 1936	+ 22	+ 56	+ 33	+ 14

COMMERCE AND TRADE

LEAD AND SELLER.—Lead and spelter declined sharply in sympathy with copper. Lead lost $\frac{1}{2}$ 6s. 3d., closing at $\frac{1}{2}$ 19 8s. 9d., a new low level for the current year, while spelter lost $\frac{1}{2}$ 11s. 3d. and closed at $\frac{1}{2}$ 19 2s. 6d., which is only 13s. 9d. above this year's lowest. There was practically no change in the statistical position of the two markets, which continues to be fairly favourable. Buying, however, has declined and bear selling has been substantial. The fact that lead is again dearer than spelter is due to the disappointment of speculators in regard to spelter imports into the United States, and also to a certain amount of buying by lead

(v) May 19, 1936, to June 30, 1937.

producing interests. During the period under review the United States lead price was reduced from 6.50 cents to 6.00 cents per lb. and the U.S.A. spelter price from 7.25 to 6.50 cents. As in copper, the immediate outlook of the two metals depends mainly on the attitude of consumers.

Sales of lead on the London Metal Exchange: 1,450 tons on Monday, against 3,650 tons last week; 1,300 tons on Tuesday, against 800 tons last week; 3,600 tons on Wednesday, against 2,600 tons last week. The New York quotation on Wednesday was 6.00 cents per lb., against 6.50 cents a week ago and 6.50 cents a month ago. Wednesday's official closing quotation in London for soft foreign for shipment during the current month was £19 8s. 9d. to £19 10s. per ton, compared with £20 15s. to £20 16s. 3d. last week.

Sales of spelter on the London Metal Exchange: 1,000 tons on Monday, against 2,450 tons last week; 1,500 tons on Tuesday, against 2,400 tons last week; 2,500 tons on Wednesday, against 1,600 tons last week. Wednesday's quotation in East St. Louis was 6.50 cents per lb., against 7.25 cents the week before and 7.25 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £19 2s. 6d. to £19 3s. 9d. per ton, against £20 13s. 9d. to £20 16s. 3d. last week.

TIN.—Tin suffered even more severely than the other three metals and lost £14 15s., closing on Wednesday at £246. This slump is all the more remarkable since Japan has bought substantial quantities of tin this week in anticipation of a possible blockade, and United States' buyers were also more active. In addition, the market expects a decline of about 1,000 tons in the total visible supply during September. Bear selling appears to be the main cause of the tin slump this week. Unless consumption of tin declines substantially, the recent slump in the price of the metal is of course unjustified, but compared with the present level of copper, lead and spelter, tin still appears somewhat overvalued. Further declines are, therefore, not impossible.

Sales of tin on the London Metal Exchange: 560 tons on Monday, against 405 tons last week; 300 tons on Tuesday, against 410 tons last week; 900 tons on Wednesday, against 205 tons last week. The New York quotation on Wednesday was 55.52 cents per lb., against 59.62 cents a week ago and 58.50 cents a month ago. Wednesday's official closing quotation in London for standard cash was £246 5s. per ton, compared with £260 15s. to £261 a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 2,639 tons, a decrease of 337 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted on Wednesday at £100 per ton, and rolling billets at £102 per ton. Nickel, for home and export, was maintained at £180 to £185 per ton. Quicksilver, on the spot, was steady at £13 10s. 6d. per flask of 76 lbs., as against £13 12s. to £13 12s. 6d. Chinese antimony was quoted at £83 to £84 per ton, ex warehouse, as against £82 to £83 last week. Chinese wolfram for "September-October" shipment was quoted at 120s. to 125s. per unit, c.i.f., the same as last week. Refined platinum was quoted on Wednesday at £10 5s. per ounce, compared with £10 5s. a week earlier.

TEXTILES

COTTON.—Manchester. The Lancashire cotton industry has been disturbed by the persistent sagging tendency in American cotton prices. When the quotation for American current month futures in Liverpool fell below 5d. a lb., business in yarn and cloth was forced practically to a standstill. Shippers and merchants have been content to look on pending signs of stability in Liverpool and New York. Although prices have fallen by approximately 4d. a lb. in the course of a week the trade is by no means convinced that the lowest level has been seen. Probably many operators are awaiting the publication of the next American crop report which will be issued on Friday, October 8th. Meanwhile, a policy of extreme caution is being followed. The decline in raw cotton prices was due to increased hedge selling, coupled with practically no trade support. Attempts are now being made to estimate when the peak movement of the American crop will be reached. The "into-sight" figures to last week-end totalled 2,857,000 bales, whereas the size of the crop will be much in excess of 16,000,000 bales. Last year the "into-sight" movement reached its peak on October 29th and in the previous season on October 22nd. The height of the movement will be very important this year and it should be reached during the next three weeks, when hedge selling will be less pronounced, followed by a more stabilised price level.

Cloth manufacturers have had a dull week. The slight hardening movement at the beginning of the week forced out more inquiry, but buyers have been slow in putting forward workable offers. The turnover for the outlets abroad has been extremely scrappy, and no useful purpose would be served in detailing the comparatively trivial sales recorded. The home trade has been testing prices, but not much business has resulted. Advances from all markets, however, indicate that business is waiting to be done when prices ground. Sellers remain very firm and even the slightest price concessions are difficult to obtain. Yarn business has been affected by the decline in cotton prices, but margins have been fully maintained.

COTTON PRICES

	1937				Corresponding Date	
	Sept. 8	Sept. 15	Sept. 22	Sept. 29	1936	1936
Raw Cotton—Mid-American..... per lb.	5.58	5.34	5.24	4.98	6.98	6.41
" Sakelidra Fully Good Fair..... per lb.	9.05	8.69	8.56	8.45	10.39	8.58
" Giza Fully Good Fair..... per lb.	8.21	7.85	7.72	7.49	11	10
" 40's twist..... per lb.	11 1/2	11 1/2	11 1/2	11 1/2	11	10 1/2
" 40's twist (Egyptian)..... per lb.	18	17 1/2	17 1/2	17 1/2	18 1/2	18
32-in. Printers, 116 yds., 16 by 16, 32's and 40's.....	19 4	19 3	19 3	19 1 1/2	18 1 1/2	17 1 1/2
36-in. Shirtings, 75 yds., 16 by 16, 32's and 40's.....	26 2	26 0	26 0	25 9	25 4	24 1 1/2
38-in. ditto, 55 yds., 16 by 16, 10 lb.....	11 1	11 0	11 0	10 11	10 3	10 2 1/2
39-in. ditto, 57 1/2 yds., 16 by 16, 10 lb.....	10 1	10 0	10 0	9 11	9 2	9 1 1/2

WOOL.—Bradford. The fifth series of Colonial sales held in London finished last Friday with a decidedly better tone than at the opening. With greater confidence in manufacturing centres, together with rather stronger overseas advances, buyers felt justified in bidding more keenly, and this led to decidedly more competition and less withdrawals. At the same time best style merinos were 5 to 10 per cent. and medium and faulty wools 10 to 15 per cent. below July closing rates. Bulky scoureds, of which Queensland supplied some excellent clips, sold distinctly better

during the second week, although finally they were 7 1/2 to 10 per cent. below the close of the previous series. Faulty combing as well as pieces and bellies were mostly 15 per cent. lower. Fine greasy crossbreds sold throughout at a fall of about 10 per cent., medium and coarse descriptions at the finish showing a decline of 5 to 10 per cent. Scoureds were mostly 10 to 15 per cent. lower. The outstanding feature of the series was the large offering of New Zealand slipes, and these wools proved to be the best of any series this year. Half bred slipes sold throughout at a fall of 10 to 15 per cent., while medium and coarse qualities were mostly 5 to 10 per cent. lower. Cape greasies declined 10 to 15 per cent., and snow whites were 15 per cent. cheaper. The increased confidence shown towards the end of the series was very welcome, and it is to be hoped that the way has been paved for a better interval.

Altogether 69,123 bales were catalogued. About 29,500 bales were taken by the home trade and 18,000 bales were purchased by the Continent, America taking about 1,000 bales. The carry-forward is larger than the majority expected, and 42,000 bales are held over for the next series which begin on November 16th, when there should be to hand a very good selection of new clip Australian merinos.

Some improvement is noticeable overseas, and prices in Australia and South Africa are fully in line with what can be realised for wool and yarns in manufacturing areas. Selling brokers are acting wisely overseas in meeting the market, for prices are still remunerative to growers.

GRAIN MARKETS

WHEAT.—The market has again had a firm tone and prices show a further rise. An active demand, a scarcity of offers in near positions, and the continued firmness of the freight markets are the principal causal factors. Meanwhile Argentina is enjoying a spell of seasonable weather, but in Australia further rainfall is needed.

On Wednesday last, "December" futures were quoted in Chicago at 109 cents per bushel, against 105 1/2 cents the week before and 105 1/2 cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba (Atlantic), ex ship, 55s. 9d. per 496 lbs., against 54s. 9d. last week; No. 2 Northern Manitoba (Atlantic), ex ship, 54s. 9d., against 53s. 3d. last week. According to the *Corn Trade News* total shipments of wheat and flour last week amounted to 1,122,000 quarters, against 899,000 quarters in the previous week and 1,289,000 quarters in the corresponding week a year ago.

FLOUR.—The market has had a steady tone. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 40s. 6d. per 280 lbs., as against 40s. 6d. a week ago; delivered inner London, 40s., as against 40s. a week ago. Manitoba patents, ex store, 39s. to 40s. 6d., as against 39s. to 40s. 6d. a week ago. Australian, ex store, 32s. to 32s. 6d., as against 32s. to 32s. 6d. a week ago.

BARLEY.—Imported feeding barley is a steady market. "October" futures were quoted at 64 cents per bushel in Winnipeg on Wednesday, as against 62 1/2 cents last week. Quotations per 448 lbs. in London on Wednesday were: "English feed," at farm, not quoted; "English malting" (new), at farm, 45s. to 65s., as against 45s. to 65s. a week ago; Californian, ex ship, 45s. to 58s., as against 45s. to 58s. a week ago. Chilean, brewing, ex ship, 44s. to 48s., as against 44s. to 48s. a week ago.

OATS.—On Wednesday, "December" futures were quoted at 31 1/2 cents a bushel in Chicago, against 31 cents a week ago and 29 1/2 cents last month. Quotations in London, Wednesday: "English Black" (new), at farm, 26s. to 27s. per 336 lbs., as against 26s. to 27s. last week; "English White" (new), at farm, 26s. to 27s., as against 26s. to 27s. a week ago; mixed Canadian feed (Vancouver), landed, 27s. per 320 lbs., as against 26s. 3d. a week ago.

MAIZE.—Prices on the London market are slightly above the level of a week ago. "December" futures were quoted on Wednesday at 65 1/2 cents per bushel in Chicago, against 65 1/2 cents a week ago, and 62 1/2 cents last month. Quotations in London, Wednesday: "Plate," landed, 29s. 8d., against 28s. 6d. a week ago; "Plate," ex ship, 28s. 8d., as against 28s. 6d. a week ago; "September," 28s. 7 1/2d., as against 27 1/2d. a week ago; yellow maize meal, ex wharf, was quoted at 7 10s. to 7 12s. 6d. per ton, as against 7 10s. last week.

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations for selected weeks in 1935-1937:—

NEAREST FUTURES	Jan. 2, 1935	Dec. 31, 1935	Sept. 30, 1936	Dec. 30, 1936	Sept. 22, 1937	Sept. 29, 1937
Winnipeg (No. 1, Manitoba)..... Cents per 60 lbs.....	82 1/2	84 1/2	106 1/2	129	127 1/2	134 1/2
Chicago (No. 2, Winter)..... Cents per 60 lbs.....	90 1/2	101 1/2	112 1/2	136 1/2	105 1/2	109

The visible supply of wheat in Canada amounts to 74,507,000 bushels, against 67,452,000 bushels last week and 83,660,000 bushels in the corresponding week last year.

SALES AND PRICES OF BRITISH CEREALS.—The following table gives the estimated sale of home-grown wheat during the harvest years 1934-35 to 1937-38.

	1934-35	1935-36	1936-37	1937-38
Estimated sales of home-grown wheat—				
1 week to September 25..... Cwts.	566,800	467,232	506,972	597,908
4 weeks to September 25..... Cwts.	1,961,701	1,912,833	1,058,940	1,429,232
Average price of English wheat per cwt.	s. d. 5 1	s. d. 5 4	s. d. 7 7	s. d. 8 9

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

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
September 23, 1933.....	434,992	482,967	Cwts.	s. d. 4 10	s. d. 5 4	s. d. 5 4
September 22, 1934.....	596,600	284,021	76,372	5 1	10 0	6 8
September 28, 1935.....	467,232	472,190	74,179	5 4	9 9	6 3
September 26, 1936.....	509,972	338,738	56,314	7 7	10 3	6 8
September 18, 1937.....	415,965	533,905	49,650	8 7	12 0	8 8
September 25, 1937.....	397,908	639,219	61,048	8 9	12 0	8 0

OTHER FOODS

BACON.—No change was made in the official quotations last week-end, but the market has since had a rather quieter tone and prices have been somewhat difficult to maintain. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 105s.; Canadian, 100s.; Danish, 106s.; Exchange this week were: English, 105s.; Canadian, 100s.; Danish, 106s.; included: Danish, 13,366 bales; Canadian, 4,468; Dutch, 1,973; Lithuanian, 2,036; and Polish, 3,058; as against 13,234, 4,716, 2,342, 2,132, and 3,261 bales, respectively, in the previous week.

BUTTER.—Business was active and the market has had a very firm tone this week. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 128s.; Australian, choicest salted, 127s. to 128s.; Danish, 139s. to 140s.; compared with 119s. to 120s., 119s., and 136s. to 138s., respectively, a week ago.

CHEESE.—The market has had a rather firmer tone. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English Cheddars, finest farmers, 90s. to 92s.; Canadian, finest coloured, 71s.; and New Zealand, finest coloured, 69s. 6d.; against 90s. to 92s., 70s., and 68s. 6d. to 69s., respectively, a week ago.

COCOA.—Prices have again declined. The spot quotation in New York on Wednesday was 6 1/2 cents per lb., as against 7 1/2 cents per lb. last week. In London, on Wednesday last, good fermented new crop, Accra, "November-January," was quoted at 29s. 9d. sellers per 50 kilos., c.i.f. Continent, against 35s. 6d. a week ago. Last week's movements of cocoa in London were as follows: Landed, 4,353 bags; delivered for home consumption, 4,748 bags; exported, 8,900 bags; stocks, 222,740 bags, against 171,997 bags a year ago.

COFFEE.—The New York market was quiet, with prices unchanged. The London spot market was quietly steady. On Wednesday, Rio No. 7 The London spot market was quoted at 9 cents per lb., as compared with 9 cents (cash) was quoted at 9 cents per lb. a month ago. Movements of coffee per lb. last week were as follows: Brazilian, landed, 37 cwt.; delivered, in London last week were as follows: Brazilian, landed, 37 cwt.; delivered, for home consumption, 65 cwt.; exports, nil; stocks, 1,714 cwt., against 9,852 a year ago. Central and other South American: Landed, 44 cwt.; delivered, for home consumption, 1,857 cwt.; exports, 251 cwt.; stocks, delivered, against 79,185 cwt. last year. Other kinds: Landed, 1,520 88,114 cwt., against 79,185 cwt. last year. Other kinds: Landed, 294 cwt.; stocks, 83,564 cwt., against 115,337 last year.

EGGS.—Prices again advanced in consequence of the seasonal reduction in supplies. At Smithfield, on Wednesday, English (ordinary packing, Grade 1, about 15-15 1/2 lb.) realised 18s. 6d. to 20s. per 120, against 18s. 6d. to 19s. last week; while Danish (15 1/2 lb.) made 14s. 6d. to 14s. 9d., as against 14s. 3d. to 14s. 9d. last week.

FRUIT.—With supplies generally moderate, prices at Covent Garden have been steady, states *The Fruitgrower*. The principal exception is apples, which have eased under the influence of larger arrivals. Pears continue in consistent demand at steady rates, but plums are now finishing. Hothouse grapes are a fairly steady trade, although supplies are rather heavier. Blackberries are doing better, and cabbages are steady on shorter supplies. Arrivals of brazil nuts are limited and prices are consequently high, but chestnuts are now cheaper. Best brands of oranges are a firm market, while best grade lemons are steady in price. Grapefruit is plentiful and cheap.

MEAT.—At Smithfield Market, on Wednesday last, Argentine chilled hindquarters were quoted at 4s. 4d. to 4s. 8d. per 8 lbs., as compared with 4s. 4d. to 4s. 8d. a week ago. New Zealand frozen mutton was 3s. 4d. to 4s. 4d., as against 3s. 4d. to 4s. 2d. a week ago. According to the 4s. 2d. per 8 lbs. official report, supplies during last week amounted to 8,798 tons, a decrease of 13 tons on the corresponding week last year. Beef and veal accounted for 4,650 tons, mutton and lamb 2,310, and pork and bacon 1,001, as compared with 4,601, 2,294, and 1,074 tons, respectively, in the same week of 1936.

PEPPER.—On Wednesday, white Muntok, "October-December," was quoted at 4 1/2d. per lb. sellers, c.i.f. Rotterdam-Hamburg, against 4 1/2d. per lb. a week earlier. Black Lampong spot, in bond, was quoted at 3d. per lb., sellers, compared with 3 1/2d. per lb. last week. Movements of pepper in London last week were as follows: Black, landed, nil; delivered, 5 tons; stocks, 1,954, against 1,777 last year. White, landed, 54 tons; delivered, 58 tons; stocks, 11,359 tons, compared with 12,023 a year ago.

RICE.—The spot price of Burma No. 2 cleaned was 10s. 10 1/2d. per cwt. ex warehouse, on Wednesday, as compared with 10s. 9d. per cwt. a week ago. "September-October," in singles to Continent and U.K., was quoted at 10s. per cwt., against 10s. last week. Movements in London last week were as follows: Landed, 1 ton; delivered, 93 tons; stocks, 1,917 tons, against 1,337 a year ago.

SUGAR.—The London market in raw sugar has been quietly steady, but an easier tone has been evident in New York. The New York spot quotation was 3.20 cents on Wednesday, as compared with 3.42 cents quotation per lb. last week and 3.50 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "December" delivery at 6s. 5 1/2d. to 6s. 5 1/2d., against 6s. 6 1/2d. to 6s. 7d. a week ago. Movements of raw sugar in public warehouses in London and Liverpool last week were as follows: Imports, 19,669 tons, against 17,003 in the previous week and 17,743 in the same week of 1936; deliveries, 19,278 tons, against 18,557 and 17,805 tons, respectively; stocks, 121,302 tons, against 120,911 and 105,121 tons, respectively.

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

Week ended	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
Sept. 24, 1936.....	d. 13-86	d. 12-04	d. 13-29	d. 10-75	d. 9-95	d. 11-46	d. 13-28
Sept. 2, 1937.....	16-97	14-88	16-03	15-12	13-09	14-32	16-27
" 16, ".....	17-63	14-98	16-30	15-72	13-10	14-23	16-67
" 18, ".....	17-36	15-14	16-47	15-83	13-12	14-59	16-77
" 23, ".....	17-01	15-26	16-66	14-54	13-16	14-51	16-60

At this week's public auctions in Mincing Lane, 55,943 packages of Indian and 19,022 packages of Ceylon tea came up for disposal. Demand for Indian teas was again active and the market ruled fully firm except for lowest kinds which were occasionally slightly easier. At the Ceylon sales, on the other hand, teas up to 1s. 4d. met a strong market, but the better qualities were barely steady.

VEGETABLES.—At Covent Garden this week tomatoes were about unchanged in price, states *The Fruitgrower* but cucumbers were dearer on short supplies. All kitchen vegetables sell better. Beans are worth more, while the good supplies of cabbage, savoys and cauliflowers clear quite well. Celery is receiving fair attention, while mushrooms are cheaper in consequence of larger supplies of field-grown. The potato trade at the various London markets has been rather better, with supplies showing a declining tendency. Thus at the Borough Market on Tuesday best siltland King Edward realised 6s. to 7s. per cwt., against 5s. 6d. to 6s. 6d. last week.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—Markets have a much more cheerful tone, and the volume of business is larger. A good demand has developed for Indian linseed on British account, and prices have advanced. Plate seed, however, is neglected in Great Britain, though Continental crushers are in evidence again at rising prices. The market is still largely governed by the new crop outlook in Argentina, and the fact that the area officially reported to have been sown with linseed is considerably less than last season and 270,000 acres below 1935-36, when the harvest resulted in a yield of 1,425,000 tons. There may be some addition by reason of late sowing in certain districts, but it is considered that this will not be extensive. The ultimate yield, however, will depend on the weather conditions in the ensuing weeks. Meanwhile, shipment of the old Plate crop continues. The balance of the exportable surplus has now been reduced to below 200,000 tons. Shipments of Indian seed are still on a moderate scale, partly owing to the reserve of growers and, as also in the case of Argentina, the difficulty of obtaining freight space. The American harvest is not likely to be quite so large as expected, and further reliance on outside sources is regarded as probable in view of the sustained demand for linseed oil. Linseed oil prices here are well maintained, but are still below the highest recorded in July, while trade demand is fair.

Egyptian cotton seed has recovered some of the lost ground and forward shipment is at a good premium over "afloat." Export demand for cotton oil is poor, and prices have dropped by 7 per ton in as many weeks. Refined ex Hull is now offered for prompt shipment at £23 10s. per ton. Trade in oilcakes is steadily improving, and prices ex mill are advancing.

RUBBER.—Prices both in London and New York have again shown a sagging tendency. Although no official communiqué was issued after Tuesday's meeting of the International Rubber Regulation Committee, it appears that no important decisions were taken. The production quota for the first quarter of 1938 will be fixed at a meeting to be held in October or November. The spot price in New York on Wednesday was 17 1/2 cents per lb., compared with 18 1/2 cents per lb. a week ago and 18 1/2 cents a month ago. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 8 1/2d. per lb., as against 8 1/2d. on the corresponding day last week. In forward positions business has been done at 8 1/2d. to 8 3/4d. for "November" shipment, as against 9d. a week ago. Stocks in London and Liverpool at the end of last week totalled 49,950 tons, against 48,761 tons a week earlier. A year ago stocks amounted to 103,784 tons.

FURS.—The London autumn fur sales opened on Wednesday afternoon with a special auction of South-West African "Persian" lambs. Total offerings comprise about 200,000 skins—a particularly large supply when it is remembered that these furs were first offered in London only a year ago. The market for South-West African "Persian" lambs, which was the monopoly of Leipzig until last year, is thus well on the way to being transferred to London. This process has been supported by the formation of a special collecting agency in South-West Africa by the Hudson's Bay Company. Recently a new company, known as the Karakul (S.W.A.) Auctions, Ltd., was formed, and its operations are helping to augment London's supplies. At the present sale the new company is offering some 51,000 skins, or about 25 per cent. of the total. The special South-West African sale will be followed on Monday next by the first general sale of the Hudson's Bay Company. The general sale may occupy approximately a fortnight. The participation of foreign buyers at the new series is very satisfactory, although United States visitors are limited. The bulk of the foreign representatives comes from Leipzig and Paris. The market expects a price decline of about 10 to 15 per cent. as compared with the July and April sales, respectively.

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WHOLESALE COMMODITY PRICES

UNITED KINGDOM: LONDON, September 29th

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

CEREALS AND MEAT				POTATOES—				WOOL—			
GRAIN, ETC.—				King Edward (per cwt.)				English Southdown, greasy, per lb.			
Wheat—				6 0	7 0			18			
No. 2, N. Man. 498 lb.	54	9		Other English.....	4 0	5 0		Lincoln hog, washed	17½		
Eng. Gaz. av., per cwt.	12	0						Queensland, scd. super cmbg.	30		
Barley, Eng. Gaz. av.	12	0						N.S.W. greasy, super cmbg.	18		
Oats, "Plata", landed	8	6						N.Z., grey, half-bred 50-55	17½		
480 lb.	29	9						Crossbred 40-44	16		
Flour, Lon. stan. ex mill,	38	9									
280 lb.	10	0									
Rice No. 2 Burma, per cwt.	10	0									
MEAT—				SPICES—				Tops—			
Beef, per 8 lbs.—				Pepper, per lb.—				Merinos 70's average	35		
English long sides	4	2	5 0	Black Lampong.....	0	3½		64's "	33		
Argentine chilled hinds	4	4	4 8	White Muntok.....	0	5½		Crossbred 48's	24½		
Mutton, per 8 lbs.—				Cinnamon—1st sort, per lb.	0	9		" 48's	24½		
English wethers	5	0	6 4	Cloves—Zanzibar, per lb.	0	9					
N.Z. frozen	3	4	4 2	Ginger—per cwt.—	59	0					
Lamb, per 8 lbs.—				African	63	0					
N.Z. frozen	5	0	5 6	Jamaica, ord. to good	2	3					
Pork, English, per 8 lbs.	6	4	7 0	Nutmegs, 65's.....	1	2					
OTHER FOODS				SUGAR—				MINERALS			
Bacon—				(Duty, 11/8 per cwt.)				Welsh, best Ad'ty. ton	19	6	22 6
English.....per cwt.	105	0		Centrifugals, 96%, prpt.	4	6		Durham, best gas, f.o.b.	22	6	
Irish	102	0	107 0	shipm., c.i.f. U.K./Cont.	17	6		Tyne	22	6	
Danish	106	0		B.W.I., crystallised	17	6		Sheffield, best house, at	22	0	24 0
Dutch	106	0		Java, white, c. & f. India				pits			
HAMS—				RUBBER—				IRON AND STEEL—			
Canadian.....	107	0	109 0	Yellow Crystals.....	19	10½		Fig. Cleveland No. 3, d/d.			
United States.....	106	0	108 0	Cuba	24	1½	24 7½	Bars, M'brough	101	8	
BUTTER—				Crushed	23	4½		Steel rails, heavy	302	6	
Australian.....	127	0	128 0	Granulated	20	3	21 1½	Tin plates.....per box	28	6	26 0
New Zealand.....	128	0		Home Grown	20	1½	20 1½				
Danish.....	139	0	140 0								
CHEESE—				TEA—				METALS—			
Canadian.....per cwt.	71	0		Indian—per lb.—				Copper, Electrolytic, ton	53/0/0		
New Zealand.....	69	6		Pekoe	1	2	1 5½	Sheets (Strong)	89/0/0		
English Cheddar	90	0	92 0	Broken Pekoe	1	2½	1 8½	Standard	47/5/0		
Dutch	64	0	71 0	Orange Pekoe	1	3	2 8½	Lead, Eng. pig., per ton	21/0/0		
COCOA—				Broken Orange Pekoe	1	2½	4½	Soft foreign	19/8/9		
(Duty, British grown,				Ceylon—per lb.—				Spelter G.O.B.	19/2/8		
11/8; foreign, 14/- cwt.)				Pekoe	1	2½	1 10½	Tin—English ingots	24/0/0		
Accra, f.f.	80	0	nom.	Broken Pekoe	1	2½	1 10½	Standard cash	246/0/0		
Trinidad.....	65	0	70 0	Broken Orange	1	3	2 3½				
Grenada.....	55	0	58 0								
COFFEE—				TOBACCO—				MISCELLANEOUS			
(Duty, British grown,				(Duty, 9/6-10/8½ per lb.)				CHEMICALS—			
4/8; foreign, 14/- cwt.)				Empire growth, 7/5½				Acid, citric, per lb., less 5%	1	0	1 0½
Santos supr. c. & f. cwt.	52	0	65 0	Virginia leaf	0	8	2 6	Nitric	0	2	0 8
Colombian, good	62	0	90 0	Common to fine	0	9	1 10	Oxalic, net	0	2	0 8
Costa Rica, med. to good	62	0	90 0	Rhodesian leaf	0	7	1 4	Tartaric/English, less 5%	1	1	1 1½
East Indian	72	0	90 0	Nyaasaland leaf	0	7	1 4	Alcohol, Plain Ethyl.....	12	0	
Kenya, medium	60	0	72 0	strips	0	9	1 6	Alum, lump.....per ton	8	10	8 15
EGGS—				East Indian leaf	0	7	1 10	Ammonia, carb. ton	20	0	21 0
English.....per 120	19	6	20 0	" strips	0	6	1 9	Sulphate.....per ton	7/5/0		
Danish.....	14	6	14 9					Arsenic, lump.....per ton	8	15	9 0
FRUIT—Oranges—				TEXTILES				Bleaching powder, per ton	8	15	9 0
S. African.....boxes	12	0	17 0	COTTON—				Borax, gran. per cwt.	13	6	
Brazilian.....boxes	12	0	15 0	Mid-American.....per lb.	4	96		Do., powder.....	15	0	
Lemons, Malaga.....cases	12	0	20 0	Sakellaridis, f.g.f.	8	45		Nitrate of soda.....per cwt.	8	0	
Sicilian.....boxes	12	0	20 0	Yarns, 32's twist	12½			Potash—Chlorate, net	0	4	0 4½
Apples: Amer. (var.) bris.	22	0	27 0	" 60's twist	17½			Sulphate.....per cwt.	9	9	10 0
" (var.) boxes	8	0	11 0					Soda Bicar.....per cwt.	10	0	11 0
" Australian.....								Crystals.....per cwt.	8	0	8 8
Onions.....				FLAX—				Sulphate of Copper, per ton	£21 0		
Valencia, case.....				Livonian ZK.....per ton	80	0	82 0				
Egyptian, bags.....				Perano HD.....	79	0	80 0				
Grapes, Almeria, barrels	8	0	16 0	Sianets Medium.....1st sort	88	0	90 0				
Grapefruit, Brazilian.....											
" S. African.....	9	0	14 0	HEMP—							
LARD—				Italian P.C.....per ton	86	0					
Irish, finest bladders.....	70	3	75 0	Manilla, Oct.-Dec. "J2"	32	10					
U.S.....per cwt.	67	6	68 6	Sisal, African.....	23	15	26 10				

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

UNITED STATES

New York quotations unless otherwise stated

	Sept. 30, 1936	Sept. 1, 1937	Sept. 22, 1937	Sept. 29, 1937
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	112½(b)	104(c)	105½(c)	109(b)
Maize, nearest future, Chicago, per bushel	93½(b)	95½(c)	112½(c)	65½(b)
Oats, nearest future, Chicago, per bushel	41½(b)	28½(c)	32½(c)	31½(b)
Rye, nearest future, Chicago, per bushel	80½(b)	80½(c)	82½(c)	81(b)
Barley, nearest future, Chicago, per bushel	79(b)	(a)	(a)	(a)
Coffee, Rio No. 7, cash, per lb.	7½	9	9	9
" Santos No. 4, cash per lb.	9½	11½	11½	11½
Cocoa, Accra, nearest future, per lb.	7-24	8-15	7-16	8-36
(a) Nominal.			(b) December futures.	
Sugar, Cuban Centrifugals, 96 deg., spot, per lb.				
Cotton, middling, spot, per lb.				
Rubber, smoked sheet, spot, per lb.				
Petroleum, Mid-continent crude 33 deg., to 33-90, at well, per barrel	16½	18½	18½	17½
Copper, "Electrolytic," Domestic, spot, per lb.	104	116	116	118
Copper, "Electrolytic," Export prompt, per lb.	9-55	13-57½	12-77½	11-92½
Spelter, East St. Louis, spot, per lb.	9-77½	13-80	13-00	12-15
Lead, spot, per lb.	4-85	7-25	7-25	6-50
Tin, "Strait," spot, per lb.	4-80	6-50	6-50	6-00
	46-00	58-50	59-82½	55-82½
(c) September futures.				

THE ECONOMIST

Vol. CXXIX

OCTOBER 9, 1937

No. 4911

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COMMERCE AND TRADE

America Takes a Hand

THE profound emotion which was stirred last week throughout the world by the news of Japan's slaughter of civilians in China has been followed this week by a sequence of events which—if the public opinion of the world responds to them—may prove to be of historic importance. At Geneva, the Assembly of the League of Nations, following up its resolution of last week specifically condemning the bombing of open towns, has adopted a resolution which declares that the Japanese invasion of China constitutes a breach of Japan's obligations to China and of her obligations to other countries under the Boxer Agreements and the Nine-Power Treaty. The resolution further expresses moral support for China and it recommends the members of the League "to refrain from taking any action which might have the effect of weakening China's powers of resistance" and to "consider how far individually they can lend aid to China." Finally, the Assembly requests the signatories of the Nine-Power Treaty to meet as soon as possible for consultation.

Meanwhile, in this country, public opinion has spoken clearly. On Monday the Labour Party Conference condemned Japan's action and called upon the British Government to mobilise the nations for the application of economic and financial pressure. On Tuesday, at a great protest meeting in the Albert Hall, the ARCHBISHOP OF CANTERBURY sponsored a resolution to the same effect, and supported it in words which were the more impressive because of their very restraint.

These demonstrations of deep feeling, these protests against aggressive barbarism coupled in every case with demands for preventive action, were at once reinforced and overshadowed by a speech made by PRESIDENT

ROOSEVELT at Chicago on Tuesday. Speaking, with almost symbolic significance, in the capital of the Middle West, and investing his words with all possible emphasis, the PRESIDENT deliberately took a hand in the defence of democracy. He drew the attention of his audience to the present alarming state of the world and left them with no doubt that he placed the blame on the shoulders of three aggressive nations. "Innocent peoples and nations," he said, "are being cruelly sacrificed to a greed for power and supremacy which is devoid of all sense of justice and humane consideration." So far the speech differed from previous pronouncements only in its greater emphasis. What gave it the character of an historical occasion was that MR ROOSEVELT proceeded to draw the practical conclusions from his analysis of the world's malaise. "If these things come to pass in other parts of the world, let no one imagine that America will escape, that it may expect mercy, that this western hemisphere will not be attacked. . . . The peace-loving nations must make a concerted effort in opposition to those violations of treaties and those ignorings of humane instincts which are to-day creating the international anarchy and instability from which there is no escape through mere isolation or neutrality." The PRESIDENT dared to be not merely positive but specific. "When an epidemic of physical disease starts to spread the community approves and joins in the quarantine of the patients in order to protect the health of the community against the spread of the disease." Similarly the contagion of war should be prevented from spreading by placing in quarantine those nations infected with the aggressive virus.

Direct attack by the President of the United States

upon the conceptions of isolation and neutrality, recently so close to the American heart, is something very new. The suggestion of something uncommonly like economic sanctions is even newer. Immediately after the speech there were grounds for thinking that MR ROOSEVELT had been too courageous, and the Berlin Press felt justified in warning him of the fate of WOODROW WILSON. But it was evident within twenty-four hours that the PRESIDENT had not been touring the country for nothing. The reaction of the American Press and public to his speech has been surprisingly favourable. And as a further indication of the PRESIDENT's purpose, the State Department on Wednesday issued a statement announcing its "general accord" with the resolution of the League Assembly, and concluding:—

In the light of the unfolding developments in the Far East the Government of the United States has been forced to the conclusion that the action of Japan in China is inconsistent with the principles which should govern the relationships between nations and is contrary to the provisions of the Nine-Power Treaty of February 6, 1922, regarding the principles and policies to be followed in matters concerning China, and to those of the Kellogg-Briand Pact of August 27, 1928. Thus the conclusions of this Government with respect to the foregoing are in general accord with those of the Assembly of the League of Nations.

The speech and the declaration, taken together, have changed the diplomatic climate. It is too early yet to say what precise form will be taken by America's altered policy. It is taken almost for granted that the United States will attend the projected Conference of the signatories of the Nine-Power Treaty, and it has been suggested that Washington would be the best place for it to meet. Beyond that the new policy is undefined, and there are at least two important unknown factors in the situation. One is the exact degree to which the PRESIDENT can carry American public opinion with him. The main objective of American policy—as of almost every Government in the world—is "to avoid involvement in war." The American public has probably moved far enough from its erstwhile love of pure isolation to agree with the PRESIDENT that the avoidance of war cannot be

secured by that route. Whether it has moved far enough to authorise him to join in "concerted action" strong enough to achieve anything in the face of determined aggression is one of the questions to which only the passage of events can supply an answer. But the PRESIDENT is reported to be sufficiently confident of his own reading of opinion to call a special session of Congress next month at which any reversal of "neutrality" and any legislative authorisation of alternative policies will have to be discussed. The second unknown factor is whether the British Cabinet, with their grave preoccupations in the Mediterranean, will be able to respond to the PRESIDENT's initiative in the right psychological key.

These considerations belong to the future and they do not detract from the hopefulness with which it can be approached. For the present, the importance of the PRESIDENT's speech lies in the psychological sphere. It should not be forgotten that though the United States never accepted the Covenant of the League it was on American initiative that that document came into existence. A new voice calling from the West for international morality and respect for treaties cannot fail to be an encouragement to everything that the League stands for. The American Government may be hesitant in implementing the doctrine of quarantine. But the idea, nevertheless, may spread throughout the world.

Even at the lowest estimate, the PRESIDENT has helped immeasurably. Within forty-eight hours of the delivery of his speech, its implications had obtained a warm welcome from the PRIME MINISTER of France and from MR WINSTON CHURCHILL at the British Conservative Party's Annual Conference. The PRESIDENT has opened up a great opportunity for constructive co-operation in securing international order and in drawing closer not merely the political but also the financial and economic relations of all the great nations who adhere to common standards of decency in conduct. Opportunities such as these do not occur often. The extremity of the world's peril provides at once the need for seizing the chance and the hope that it will not be let slip.

His Majesty's Opposition

THE constitutional conflict of parties is the very stuff of our parliamentary democracy. "The House of Commons," wrote WALTER BAGEHOT, "lives in a state of perpetual potential choice; at any moment it can choose a ruler and dismiss a ruler; and therefore party is inherent in it, bone of its bone and breath of its breath." The Opposition, no less than the Ministry, is a part of government. Its function is to oppose and, if need be, to govern; to assist by constant constructive criticism in the shaping of national policy, and to take office on the turn of the electoral tide.

The vital rôle of His Majesty's Opposition in British politics was directly recognised last April when a salary was given by statute to the Leader of the Opposition. But mere recognition of the need for an official Opposition does not automatically bring an effective Opposition into existence. The Labour Party has met in conference this week at Bournemouth under grave suspicion of failure in some of its essential constitutional duties. For some time past it has been evident that the Party is making no headway in the country—and that for two reasons. On the one hand its personnel, depleted by the loss of its leaders in 1931, has failed to convince the country that it could adequately staff an alternative Government with chiefs of political judgment and experience; and on the other

hand its Socialist programme, though too tepid to set the masses of the country ablaze with revolutionary enthusiasm, has been too much concerned with cloudy doctrinaire slogans to win the confidence of the hard-headed artisan or the shy middle classes. The Party has long been struggling to allay the fear that a Labour Government would mean financial collapse; but post-Coronation by-elections showed little evidence that the country was sufficiently convinced to be ready to give Labour its full confidence.

The recent campaign in the constituencies has done a little to stir this apathy, but the public as a whole is still sceptical; and in recent times its doubts have been increased by the equivocal and discordant attitude which the Party has displayed to the subject of re-armament.

There are millions of voters in this country who believe that the arms race would never have reached its present stupendous dimensions if British foreign policy had been firmer and more single-minded. It has not been easy—it is not easy now—for those who hold this opinion enthusiastically to entrust the task of making Britain strong to the same Government whose foreign policy they believe to have been partly responsible for the emergency. The fact that it is so clearly necessary for Britain to be strong if she is to make her voice effective for peace and democracy makes the dilemma more

urgent, but hardly easier of solution. There has thus been good reason for the long time that it has taken the Labour Party to clarify its opinion on the subject. But the task of clarification has now been accomplished. At Bournemouth this week the Party, despite the hesitation of some of its leaders, including MESSRS ATTLEE, GREENWOOD and MORRISON, has followed the lead recently given by the Trades Union Congress in pronouncing the need for a powerfully armed Britain. The safety of the population, the organisation and recruitment of the Services, the safeguarding of food supplies, the welfare of munitions workers and the control of profits ought to be peculiarly the subject of constructive proposals from the Opposition. Thus the Labour Party may now assist in the steady and detailed process of making the defence programme more effective for its primary purpose and less damaging to the normal structure of the national economy and general welfare.

Nevertheless, the weakness of the Party as a political force in the country still remains. Its belated approval of re-armament will not regain the popular favour lost by lame and halting pronouncements in the past. Moreover, the Labour Party bears too obviously the marks and scars of its origins to become easily a national party. The necessary alliance in the formative years after 1900 between the new Labour Party and the organised and wealthy trade unions has left a legacy of strain between the industrial and political wings of the Party. The constituency parties have been growing in strength of recent years, and have chafed against the domination of trade union views at the Party's annual conferences through the "steam-roller" operation of the block votes of the unions in elections to the executive and in the decision of policy. While the affiliated political membership of the trade unions has declined from 4,317,000 in 1920 to little over 2,000,000 to-day, despite the secular increase of workers in employment, the individual membership of the constituency parties had risen from 214,970 in 1928 to 430,694, even before the recent campaign for members was launched. In addition, the local parties' contributions to Party income have risen from less than 2 per cent. in 1922 to 17 per cent. in 1936. The local parties are still small numerically compared with the unions' political membership; but they are healthy and growing, and through them alone can MR MORRISON'S ambition to "invite not only the manual workers but the professional and middle classes as well" be realised.

The Middle Classes

THE evolution of British economic life is a continuous process, but its pace has been noticeably quickened in the two decades since the Great War. Nowhere have the effects of recent changes been more marked than in the social and political outlook of Britain's middle classes, whose rôle in national affairs has long been of fundamental importance.

Capital required to finance the industrial revolution came, for the most part, not from the resources of the rich landowning class, but out of the accumulated profits of the new middle classes. It was the fruit of the personal thrift of countless small men, especially the craftsmen and traders of the Midland and Northern towns. This class rapidly threw up its own dominant families of wealth and power, some of whom passed beyond their trading environment into the atmosphere of aristocratic life. The remainder, however, who were industrial but not over rich, proceeded to build a new kind of civilisation in these islands. The family—thrifty, industrious, conscientious and, on the whole, urbane—was its basic sociological unit, and the small private business was its

Accordingly, a resolution was tabled at Bournemouth to increase the constituency parties' representation on the Executive from five to seven and to provide for direct election by the constituencies' delegation without the intervention of the unions' block votes. The unions were wary; some feared the diminution of the influence of organised manual workers' interests on the making of policy; others feared the election of notorious Left Wingers to Executive office—and, indeed, SIR STAFFORD CRIPPS and PROFESSOR LASKI have now been elected. The miners and the railwaymen voted against the proposal to increase the parties' representation; the transport workers were divided. But the matter never became a real issue. The proposals were accepted and *bonhomie* prevailed. The unions' dominant position was not seriously threatened. While it is true that theirs is a vested interest and that their dominant position in the Party distracts their own attention from industrial to political questions and overweights the Party personnel with union officials, this is in all probability inevitable in the present immature state of the Party's development. And it tends to a rather unimaginative moderation.

It has been made clear at Bournemouth that, so far from being split by dissension, the Labour Party is, on both its industrial and political wings, unusually united, if only in a rather apathetic way. A constitutional and gradual policy commands the support of the vast majority. The existence of SIR STAFFORD CRIPPS' recalcitrant Left Wing, again disavowed by a very large majority, is, for all its ill-judged and disruptive activities, a sign of democratic health. Indeed, its importance has probably been magnified by vehement and often illiberal heresy hunting by the Executive themselves. And MR LANSBURY'S pacifists, impracticable though they undoubtedly are, shine like a good deed in a naughty world. What is lacking is not solidarity but a policy and popular favour. Clear-cut leadership may be lacking, but two great obstacles have now been removed; re-armament has been endorsed; and the immediate programme of the Party, described by DR DALTON as "a deliberate study in priorities," is perhaps more free from Utopian and doctrinaire elements than past programmes. Emancipated from the charges of dissension and disloyalty, the Labour Opposition may now be ready to play its proper part in British politics. All parties and the community at large will benefit if the opportunity is taken.

economic foundation. It obtained its capital privately and locally from among a class of individual proprietors.

It was, in fact, chiefly in the last third of the nineteenth century that the development occurred of the public company, the large insurance company, the investment trust and other forms of corporate capital ownership and control. On first principles, it might have been expected that this development would have effected a radical transformation of the capital structure of British industry. Actually, it failed to do so. In Germany and the United States, indeed, the forward movement of industry in the latter part of the century was financed by corporate capital holdings. In Germany particularly, the rôle of industrial banking in this period was crucial. In England, however, there was no development whatever of the tendency for industry to obtain its long-term finance from the banks. The development of the joint stock company undoubtedly enabled a certain amount of rural money to find its way into home industry, and the London capital market greatly increased its scope and its importance. But its leading function was the raising of

funds for investment overseas. The more *public* forms of capital ownership were used and widely developed, but instead of supplanting the middle class quasi-family conduct of British industry, they provided the world with railways and equipped a territorial empire with capital goods. These goods were, of course, manufactured in British workshops, but that fact in itself did not greatly modify either the peculiarly middle-class structure of industry or the traditions of family proprietorship. It merely made the middle classes richer in the old way. Meanwhile, the representatives of the old landowning classes, as administrators, soldiers and carriers of the flag, followed the joint stock company from the City of London to the ends of the earth.

The political effects of this division of constructive labour have received, possibly, less than their meed of recognition. The diversion of Tory financial energies overseas, while those of the mainly Liberal middle classes were concentrated on the ample opportunities which home industry offered, did much to effect a political and philosophical balance in British society. If both classes had been confined within a closed economy, history might have been different; but as it was, the Empire overseas, and the outside world in general, provided an arena in which rival energies could vent themselves without serious damage to either party. On the Continent of Europe, however, where the conflict was less conveniently arranged, peasants and city workers frequently found themselves on opposite sides of the barricades, in a struggle between rural and middle-class interests.

So much for the period which culminated in the Great War. What is the significance of subsequent events for the British middle classes? It is clear that the capital market is no longer a forwarding agency for exports of British capital. Its resources are now mainly consecrated to domestic development, and the home public company has demonstrably grown in stature as a consequence. It has, as it were, abandoned the foreign field and attacked the middle-class hinterland of English industrial life. In the depression of the early 'twenties there was a marked shrinkage in the foreign markets of England's staple industries. In the partial recovery of the late 'twenties, therefore, new industry could no longer call as effectively as in pre-war days upon the capital resources of the old middle class, whose private savings had been largely exhausted. Meanwhile, the overseas outlets of the City of London had been closed or ceased to be attractive to new resources. Thus, the demand for long-term capital could be met, on a large scale, only by the corporate institutions of the London market. This period reached a climax in the new issue boom of 1928. A second period of industrial recovery, through which we are still passing, has seen the deepening and broadening of the same tendency.

The adoption of public company forms by industrial concerns in this country during the last two decades is evidenced by the growing importance of salaries in the national income. This tendency has been stressed by Mr COLIN CLARK, who finds in his recent book on "National Income and Outlay" that there were, in 1911, some 385,000 persons in Great Britain earning salaries over £150 per annum, and that this number was 1.9 per cent. of the occupied population. In 1931, the number of persons earning salaries over £250 (a comparable figure, allowing for changes in values) was 1,035,000, and they comprised 5.6 per cent. of the occupied population. The number of employers and independent workers fell by approximately three-quarters of a million between 1911 and 1931.

The same change can be viewed in another way. In 1911, Mr CLARK calculates, salaries took 15.6 per cent. of the home-produced national income, while profits and interest took 33.8 per cent. and rents took 11.1 per

cent. In 1924, the respective proportions were: salaries 25.4 per cent., profits and interest 25.1 per cent., and rents 7.4 per cent. In 1932, a year of depression, salaries took 28.3 per cent., profits and interest 18.8 per cent., and rents 10.4 per cent. In 1935, when recovery was just getting into its stride again, there was naturally an increase in the relative importance of profits; for in that year, it is estimated, salaries took 25 per cent., profits and interest 25.4 per cent., and rents 9.1 per cent. of the national income produced at home. These figures illustrate in a startling way the relative importance of fixed and fluctuating incomes during depression and recovery, but they also show the long-term tendency for salaries to increase with the growth of rationalisation in depression, and increased financing through corporate channels during recovery.

There has been, in short, a progressive diminution in the number of private employers and an increase in the number of salaried directors and managers. This tendency has reacted even on the capital market itself. To-day there is an inevitable tendency for savings, corporate and private, to take on the character of provident holdings or of "reserves," in the literal sense. In turn, this implies a sharper differentiation of the market, with one section catering for risk-bearing on the fringes of enterprise, and another concerned with safe holdings in established concerns. But the consequences of the change have perhaps been most momentous for the middle classes as such. They have lost part of their old material foundation, the individual proprietorship of business, and are reconstructing themselves on a salaried basis. In the material field the change is expressing itself in a great number of ways, some of which were largely unforeseen. One of them is the stimulation of hire purchase activity; for the salaried worker is encouraged to mortgage his future income far more readily than the private small capitalist, whose future income is more uncertain. Thus, while demand for houses and other hire purchase goods has been assisted by low interest rates and the system of risk-pooling devised by building societies and other lenders, the real cause of its growth is probably to be found in deep-rooted changes in the income structure of the middle classes.

At the same time, the growth of the "salaried" has synchronised with the first appearance of the Leisure State. The salaried worker, like the wage earner, tends to divide his personality into two entirely distinct parts, appertaining to his hours of work and of leisure. How deep the consequences may go is even now unperceived. By general agreement, however, this division of the human personality is artificial, and its irksomeness is illustrated by the spiritual uneasiness of the age. In the United States the growth of the salaried class during the prosperous years between 1923 and 1929 was accompanied by a spectacular interest in "culture" and a remarkable curiosity concerning ways of living and the intellectual content of life. In Germany in the 'twenties, when the salariat was already a great deal more important than in England, the annihilation of middle-class provident savings by inflation caused first a swing in the direction of revolutionary socialism and then a neurotic mass anxiety when the issue of socialism came to be faced. In this country the middle classes are now much more of a salariat than ever before, but their provident savings and their new private houses are intact. Absence of mass anxiety in the middle classes is one of the factors ruling out Fascism in Britain to-day. At the same time, the spectacle of conflict in the external world is stimulating a deep response in the intellectual life of these classes, who are displaying a new interest in political matters and a desire for rational order and for scientific adjustment to the demands of a changed situation. The desire may be inchoate, impatient and uncertain of itself, but it is wholly salutary.

Preventing Road Accidents

In the following article a correspondent makes suggestions for alleviating a problem whose gravity increases month by month, and year by year. We publish his proposals without comment, in the hope that they may stimulate discussion on a matter of urgent public importance.

THE casualty list of British roads bears distressing testimony to the fact that the volume of motor traffic has outgrown the capacity of our highways to bear it. Clearly the modernisation of the road system must be effected with all possible speed, but many years must needs elapse before the process is complete. Meanwhile, casualties will continue, and there is a strong case for finding a complementary solution.

It is well known that the Courts are to-day overburdened with road traffic cases. In any case, few would maintain that the average local bench is the best possible tribunal for the trial of cases involving technical questions such as speed and driving skill. Public opinion does not accept a conviction for dangerous or careless driving as leaving the same moral stigma on the delinquent as a conviction for larceny or fraud. In fact, the law, like the roads, is being made to bear a burden beyond its powers.

The whole problem of road accidents and bad driving demands consideration from a new angle. Let us begin by taking out of the criminal law all offences arising out of the driving of a motor car, including dangerous or careless driving, exceeding the speed limit, driving through adverse traffic lights or over pedestrian crossings, and dangerous parking. Let us leave to the criminal law, at the one extreme, the offences of manslaughter, or of causing bodily harm, or of drunkenness; and, at the other extreme, purely technical offences concerned with licences and the equipment and up-keep of cars. Simultaneously, let us lay down that the possession of a driving licence is not a right, but a privilege, which may be granted or withdrawn by the State at will, and which involves its holder in certain obligations to the community.

The way would then be clear for the setting up of special tribunals for the investigation of road accidents, and of driving calculated to cause an accident, on lines analogous to the existing procedure for the investigation of railway accidents or of wrecks and collisions at sea. The Ministry of Transport would appoint salaried local inspectors, the cost of whose salaries and general expenses should be met by an increase in the annual fee for a driving licence. All accidents or allegations of bad driving would be reported to the local inspector, who would then decide, on the *prima facie* evidence before him, if he ought to hold an inquiry. If so, he would appoint the place and time, and would have power to compel all relevant witnesses to attend and give evidence. In conducting his inquiry, his object would be to ascertain both the immediate and ultimate causes of the accident or alleged bad driving, and he would put such questions to witnesses as he thought fit. He would inspect both the scene of an accident and the vehicles involved, and would take account of the prevailing weather and the condition of the road surface. He would consider whether a collision occurred because one driver was trying to avoid a third party, such as a pedestrian or cyclist, and would inquire into the possible negligence of the third party. He would also inquire into the more indirect causes, such as the length of time allowed for a journey, whether a driver was delayed in starting, whether a driver had been driving for an excessive time or was trying to make up time, and so on. A perusal of the Ministry of Transport's inspectors' reports upon railway accidents would throw light on the extent to which the inspector would be expected to probe into the ultimate causes of road accidents. The procedure of a railway accident inquiry would be followed in another important respect. For the proper protection of in-

terested parties, it would be laid down that if there were a possibility of subsequent criminal proceedings, the inspector would take evidence *in camera* and delay the publication of the evidence and his findings, until the criminal proceedings were determined.

What powers should the inspector exercise as a deterrent against bad driving or the careless use of the road? Obviously, his first sanction would be the power to compel the attendance of any witness. In no case would a peccant motorist be permitted to plead guilty and dispense with his visit to the tribunal. Secondly, the findings of the inspector would be published, and would be available to the local Press, the insurance companies concerned and to the acquaintances of all those who were implicated. Next, the inspector might have power to award costs to any witness and to order that any party or parties should bear the whole or part of the costs of the inquiry and the witnesses. Costs would be apportioned according to the degree of negligence of the parties involved. These sanctions, incidentally, would be applicable against all road users, including pedestrians, and not merely motorists. Finally, the inspector should have entire power over the driving licences of motorists. At the end of each inquiry he might order the endorsement and/or the suspension of a driving licence. Generally speaking, it might be deemed advisable that any case of recklessness or serious negligence should involve at least temporary suspension. If the inspector decided to exercise this power, he would first call for evidence of the driver's past record. These functions would be analogous to the powers of the Board of Trade to suspend masters' or mates' certificates after a shipwreck or collision at sea.

The arguments in support of this procedure may be briefly summarised. Most motoring offences would cease to be, primarily, the concern of the criminal law, to the great relief of the courts. A perusal of the reports of the official inquiries into railway accidents, with their wealth of careful and meticulous detail, will serve to show how much might be achieved if the examination of difficult technical questions were entrusted to expert and experienced persons. Next, the procedure would provide effective deterrents against all careless use of the roads. It might not be too much to hope that the ultimate result would be either the reform of the careless driver or his banishment from the roads.

This procedure would lead to the accumulation of a vast body of evidence on the causes of road accidents. The existence of a particular danger-spot would be quickly proved beyond doubt, and the inspector himself would recommend measures of improvement as part of his findings. The existence of any general bad driving habit, or of a tendency to allow too little time for a given journey, would be detected. A weakness in any make of car would be brought to light, and the manufacturer would be forced in self-defence to take cognisance of it. Delays or difficulties due to passengers would be discovered, and a tardy or interfering passenger would be censured in the inspector's report and might find himself mulcted in costs. The insurance companies would have all relevant evidence made available to them, and this would be of inestimable value in the task of assessing different risks. This might mean that the careful driver with a clean record would be able to obtain a reduction in his insurance premium sufficient to compensate him for the increased cost of his driving licence. Finally, there would be a reduction in the volume of civil litigation arising out of accidents, for few people, in practice, would care to go to law in the face of the inspector's findings. Last, but not least, the procedure would encourage road-users to make the best of the roads as they found them, and not as they might have been under ideal conditions; for it would provide equally against the consequences of recklessness and lack of care.

Anglo-American Trade Discussions

PRELIMINARY investigations into the possibility of an Anglo-American Trade Treaty have now been proceeding for several months. Statesmen on both sides of the Atlantic have declared themselves wholeheartedly in favour of a treaty. Within the last few weeks, indeed, Mr Eden on the one side and Mr Cordell Hull on the other have pleaded its cause with fervour and apparent conviction. Here are the two great Anglo-Saxon nations, the two most important democracies of the world, the two greatest international trading countries, who between them buy no less than 28 per cent. of the world's imports and sell no less than 24 per cent. of its exports. What bigger step forward in the sphere of international economic relations could there be than that these two countries should agree to lower their tariffs on each other's trade? No one has denied the force of this contention, but, somehow, the preliminary negotiations have failed to give the impression of smooth forward movement on ball bearings. The difficulties, in fact, are formidable, and it would be doing no good service to the cause of Anglo-American friendship to pretend otherwise.

At first sight, it is true, Great Britain appears to stand in an advantageous bargaining position *vis-à-vis* the United States, for the crude figures of visible trade between the two countries give Great Britain a heavy adverse balance. In the first half of the year, our imports from the United States were £47,041,000 and our exports of merchandise only £16,490,000, giving an import surplus of £30,551,000, which is reduced to £23,996,000 if £6,555,000 of re-exports are brought into the account. But when "invisible" items are taken into account, the balance in favour of the United States is smaller, and if American trade with British colonies is included, then, as we showed in *The Economist* of September 25th, page 618, the balance of payments becomes slightly adverse to the United States.

On a cursory view, again, the American Hawley Smoot Tariff seems to deal much more hardly with British imports into the United States than our own tariff deals with imports from America. About 45 per cent. of our exports do, indeed, enter the United States duty free, but these are mainly re-exports of raw materials. On British manufactures the American tariff is extremely high. Professor P. W. Bidwell, in the October issue of the American review *Foreign Affairs*, says that while the bulk of British goods pay from 30 to 45 per cent. *ad valorem*, rates of 45 to 60 per cent. are levied on such items as table damask, wool noils and broad silks, 60 to 75 per cent. on carpets, wool hosiery, china and porcelain, 75 to 90 per cent. on worsteds and over 90 per cent. on heavy woollens and cotton laces. By comparison, the British tariff looks most moderate with its ruling rates of 15 per cent. on most raw materials, 20 per cent. on manufactures, and 25 to 30 per cent. on luxuries and semi-luxuries (except motor-cars and certain other "McKenna" products, which pay 33½ per cent.).

Against this greater moderation of the British tariff, our American friends urge, with force, that the discriminatory duties which we impose on their agricultural products are as damaging to them as their higher, but non-discriminatory, duties on our manufactures are to us. Thus we are brought squarely to face the greatest difficulty of all—namely, the Ottawa duties. It is beyond question that these have dealt hardly with certain American agricultural exports, notably cereals, fruit, pig products and soft wood. This can be seen by comparing (in the tables given on the opposite page) the movement of our imports of these commodities between 1929 and 1936 from the United States, Canada and Australia respectively. British imports of American bacon and hams, for example, have fallen from

£7,364,000 in 1929 to £1,562,000 in 1936, while British imports from Canada have risen from £1,567,000 in 1929 to £5,536,000 in 1936. British imports of American soft wood (principally Douglas fir) have fallen from £2,109,000 in 1929 to £1,144,000 in 1936, while imports of Canadian soft wood have risen from £1,229,000 to £4,107,000. Senator McNary, of Oregon, complained in the United States Senate last August that, thanks to discriminating tariffs, the United States had in 1936 supplied only 6 per cent. of the British Empire demand for North Pacific lumber against 74½ per cent. in 1929. In some cases, undoubtedly, output restriction in America, normal fluctuations of harvest yields, and other factors have been contributory causes to the decline. But it may not be going too far to say, even at this stage, that unless Great Britain concedes a substantial modification of the Ottawa preferences, prospects for an Anglo-American Trade Treaty will be slender indeed. For it is precisely in the agricultural products, covered by the Ottawa preferences, that America is anxious to extend her export trade.

For Britain, obviously, this modification of Ottawa is a very delicate matter, for it involves asking sacrifices of third parties, the Dominions. America has made it clear—and one can hardly blame her—that any compensation which the Dominions may demand for sacrificing their preferential rights under the Ottawa Agreements must be provided not by her but by us. But it is not easy to see what compensation we can offer, in view of the extraordinary advantages we already confer on the Dominions, who, so far (let us gratefully acknowledge), have shown themselves far from unsympathetic to our claims and needs.

Once this hurdle is cleared, Great Britain need fear no position of inferiority in entering on discussions for a treaty. America, presumably, will ask not only for agricultural concessions but also for tariff reductions on certain manufactured products, including, possibly, electrical goods, machine tools and refrigerating machinery. But for every concession we can certainly claim another of equal value. What is of chief interest to us is that we should secure a lowering of the high American tariff (within the limit of a 50 per cent. reduction which the President is authorised to grant) on acceptable classes of British manufactured goods. Under American most-favoured-nation obligations any reductions granted to Britain must be extended to other countries, but there is a substantial range of goods—comprising, according to Professor Bidwell, about sixty items—of which Britain is America's principal external supplier. The list includes such articles as woollen, linen and jute goods, certain cotton goods, leather goods, linoleum, anthracite coal and tinplate. In some cases, British goods are not competitive with American goods, examples being table damask, handkerchief linens, razors and mustard, and in these instances the possibilities of securing an increased market may be limited. In other cases, however, where British goods supply only a small proportion of American consumption (e.g. inlaid linoleum, anthracite, linen yarns and thread, and tinplate), there would doubtless be a more liberal response to reduce duties.

On the whole, it might be unwise to expect too much of a treaty, if and when it were concluded. On the other hand, a patently nugatory treaty would arouse not the emulation but the derision of other countries. But why should the treaty be nugatory? Because a satisfactory treaty would require too many and too great sacrifices? But these are "sacrifices" only to vested interests. For the two countries at large the treaty would be a matter not of sacrifices but of benefits. If the negotiations were to fail, it would be rightly inferred that one side or both had allowed sectional considerations to override the common good.

THE BACKGROUND FOR AN ANGLO-AMERICAN TRADE TREATY

LEADING BRITISH EXPORTS TO U.S.A.

Commodity	QUANTITY ('000's)			VALUE (£'000's)		
	1929	1932	1936	1929	1932	1936
Food, Drink and Tobacco (Class I)						
Spirits ... proof galls.	4.7	4.4	3,498.6	7.3	7.4	5,322.7
Raw Materials (Class II)						
Coal ... tons	334.8	233.7	133.6	511.6	348.9	217.8
Clay ... tons	344.3	99.5	*	766.0	159.9	322.2
Sheep's and lambs' wool ... cents (100 lbs.)	193.5	34.7	247.8	1,237.1	118.4	987.5
Wool noils ... cents (100 lbs.)	43.6	17.8	8.0	744.7	205.8	726.3
Other textile materials†	*	*	*	268.4	102.7	251.0
Seeds for oils ... tons	31.8	7.3	*	1,139.1	154.7	681.5
Manufactures (Class III)						
Pottery, glass, etc....	2.6	4.7	7.8	438.0	637.5	1,632.3
Tin plate ... tons	6.0	1.8	7.0	1,059.5	337.7	927.6
Machinery ... No.	2.5	1.2	1.6	636.8	199.3	295.4
Cotton yarn (lbous.)	*	*	*	2,193.8	487.4	657.5
Cotton piece goods ††1000 sq. yds.	34.0	10.6	13.0	3,909.3	645.4	1,545.2
Wool textiles†	*	*	*	1,752.0	1,312.6	1,696.1
Linen manufactures ††1000 sq. yds.	30.1	33.6	38.9	1,569.3	396.7	698.5
Jute manufactures ††1000 sq. yds.	97.9	35.6	71.4	1,860.7	548.0	866.2
Apparel ... No.	*	*	*	1,587.0	494.3	1,024.5
Chemicals ... No.	*	*	*	2,696.7	507.0	902.0
Leather ... No.	40.5	20.0	35.4	828.4	170.4	251.6
Paper ... cwt.	47.4	27.3	35.4	805.6	414.8	456.5
Books ... cwt.	*	*	*	2,523.3	269.2	476.2
Curios ... No.	*	*	*	*	*	*
Total Exports...	...	...	...	45,558.2	15,091.3	27,629.0

* Figures not available. † Woollen and worsted yarns and manufactures. ‡ Excluding cotton, wool or silk. †† i.e. millions.

BRITISH IMPORTS FROM CANADA

Commodity	QUANTITY ('000's)			VALUE (£'000's)		
	1929	1932	1936	1929	1932	1936
Food, Drink and Tobacco (Class I)						
Wheat ... cwt.	27,190.9	46,873.6	57,842.0	14,162.4	14,635.4	22,390.0
Meal and flour cwt.	3,724.0	3,894.6	4,104.1	2,563.2	1,848.4	2,132.7
Cattle ... No.	198.5	182.7	37.8	1,028.0	528.7	4,282.6
Bacon ... cwt.	98.3	143.5	277.7	539.4	505.7	1,253.8
Hams ... cwt.	723.5	747.3	602.5	3,413.2	2,265.4	1,926.4
Cheese ... cwt.	1,707.2	1,612.2	1,960.1	1,770.6	1,558.6	1,703.4
Apples ... cwt.	90.8	143.4	167.0	415.8	620.2	723.6
Salmon ... cwt.	12.1†	5.7†	258.4	722.8	226.7	723.6
Lard ... cwt.	*	*	*	*	*	*
Tobacco, unmanufactured ... lbs.	5,024.6	10,672.0	9,463.7	351.6	767.1	613.9
Raw Materials (Class II)						
Copper ... tons	14.1	12.8	17.8	664.5	486.5	587.2
Sawn hard woods, undressed††	4.4	4.0	6.8	710.7	480.5	709.9
Sawn soft woods, undressed ... loads	222.5	215.3	321.3†	1,229.2	944.8	4,107.3
Timber, planed and dressed ... loads	1.7	15.2	*	16.7	74.3	*
Other timber ... loads	*	*	*	*	*	1,593.7
Wood pulp for textiles ... tons	7.8	12.5	22.5	200.9	211.6	347.7
Furs ... cwt.	2,766.1§	5.5	4.7	2,164.6	2,079.3	1,790.6
Manufactures (Class III)						
Iron and steel ... tons	4.1	1.0	143.5	114.5	63.8	1,081.0
Aluminium ... cwt.	5.0†	3.7†	333.2	484.9	366.1	1,544.9
Copper ... tons	39.2	44.3	3.0	1,443.8	1,859.9	*
Lead ... tons	46.5	54.9	90.5	1,033.5	679.0	1,580.6
Nickel ... cwt.	0.3†	0.1†	170.6	56.2	23.0	1,651.3
Zinc ... tons	20.0	45.9	105.3	516.2	659.9	1,662.9
Machinery ... tons	2.5	2.6	7.6	475.4	823.1	1,021.2
Wood ... cwt.	7.4	13.5	19.8	219.0	249.0	1,113.6
Leather ... cwt.	*	*	*	*	*	1,034.6
Newsprint paper cwt.	3,117.3	1,409.8	2,552.3	2,091.3	878.9	1,064.1
Vehicles, locomotives, ships and aircraft	*	*	*	1,448.7	456.9	797.9
Total Imports...	...	...	...	46,410.1	42,993.9	75,048.3

* Figures not available. † Tons. ‡ Standards. § Number. ¶ Excluding sheets, plates and wire. †† Excluding sheets and plates. ** All road vehicles and accessories only. ††† Figures shown are millions of cubic feet.

LEADING BRITISH IMPORTS FROM U.S.A.

Commodity	QUANTITY ('000's)			VALUE (£'000's)		
	1929	1932	1936	1929	1932	1936
Food, Drink and Tobacco (Class I)						
Wheat ... cwt.	22,265.9	4,627.2	45.4	11,742.1	1,459.8	20.7
Barley ... cwt.	4,351.9	1,591.4	2,991.7	2,164.0	559.5	1,099.1
Bacon ... cwt.	634.6	63.8	16.9	2,879.4	183.0	61.1
Hams ... cwt.	841.7	465.2	332.8	4,484.9	1,645.1	1,500.9
Tinned tongues, pork ... cwt.	70.1	63.4	58.0	652.3	416.3	452.2
Apples ... cwt.	3,089.2	3,127.8	1,563.8	3,899.2	3,156.1	1,508.1
Grape-fruit ... cwt.	420.3	433.5	207.5	693.3	540.6	247.5
Oranges ... cwt.	978.9	292.6	446.8	1,354.2	369.5	512.3
Pears ... cwt.	217.2	531.4	523.7	498.9	758.0	718.8
Plums, prunes, etc. cwt.	279.4	396.2	322.7	634.4	674.8	494.3
Raisins ... cwt.	391.3	453.7	402.7	637.0	861.9	561.8
Fruit, preserved with sugar ... cwt.	1,743.3	1,852.2	1,990.0	4,584.4	3,988.9	3,488.6
Salmon (canned) ... cwt.	272.5	216.7	331.7	1,286.9	818.7	1,279.8
Lard ... tons	108.7	105.2	158.9	5,918.8	4,179.8	1,570.8
Tobacco, unmanufactured ... lbs.	205,376.1	125,290.1	214,467.4	14,958.3	6,714.3	14,456.7
Raw Materials (Class II)						
Sawn hard woods, undressed††	18.8	13.3	†9.6	4,654.1	2,448.5	†2,289.3
Sawn soft woods, undressed††	295.5	148.0	49.7	2,108.8	901.2	1,143.7
Cotton, raw—except linters	*	*	*	*	*	*
Centals of 100 lbs.	8,360.6	7,251.8	6170.4	37,854.3	16,368.7	16,805.8
Rosin ... cwt.	1,049.8	778.8	903.3	979.2	464.3	526.3
Furs, not rabbit No.	8,176.0	†15.5	†16.7	2,687.0	1,679.5	2,238.0
Manufactures (Class III)						
Iron and steel tons	70.1	6.7	§	1,975.6	283.0	489.0
Copper, electrolytic tons	64.1	27.8	28.2	4,190.4	1,036.0	1,214.8
Lead ... tons	68.6	55.2	1.1	1,576.8	265.1	17.0
Zinc ... tons	18.7	3.2	†0.9	501.8	78.8	†13.9
Cutlery, hardware and instruments	§	§	§	3,269.1	1,058.8	1,803.8
Electrical goods ... No.	§	§	§	1,100.3	550.8	1,033.5
Machinery ... tons	38.6	13.7	§	9,654.1	4,299.5	8,341.4
Wood and timber manufactures ... No.	§	§	§	1,721.8	818.8	783.8
Apparel ... No.	§	§	§	1,015.5	248.1	†773.2
Leather ... No.	§	§	§	2,432.6	788.2	681.2
Chemicals ... No.	§	§	§	3,002.0	1,642.3	2,165.8
Kerosene††	94.2	78.6	64.1	2,009.8	1,270.5	348.3
Motor spirit††	465.4	284.8	150.3	12,770.9	4,956.0	2,356.4
Lubricating oil††	67.6	54.0	75.6	3,788.1	2,817.4	2,845.0
Fuel oil††	56.6	19.4	31.9	555.1	128.3	330.0
Turpentine ... cwt.	419.4	305.4	420.1	792.1	638.7	626.4
Paraffin wax ... cwt.	696.6	604.4	504.1	670.0	469.7	362.2
Books ... cwt.	103.1	107.5	151.5	611.1	428.4	572.7
Paper ... cwt.	253.3	230.9	§	568.9	441.0	622.2
Vehicles ... No.	...	...	...	6,402.4	1,429.7	3,150.9
Total Imports...	...	...	...	195,979.9	83,632.2	93,300.3

† Excl. teak. ‡ Cwts. § Figures not available. ¶ Crude zinc only. ¶¶ Incl. footwear. ††† Million cubic feet. ††† Million gallons.

BRITISH IMPORTS FROM AUSTRALIA

Commodity	QUANTITY ('000's)			VALUE (£'000's)		
	1929	1932	1936	1929	1932	1936
Food, Drink and Tobacco (Class I)						
Wheat cwt.	12,797.4	24,116.2	23,274.2	6,840.5	7,605.8	8,614.1
Meal and flour cwt.	1,332.5	2,831.6	2,469.6	878.3	1,068.3	1,061.2
Frozen beef ... cwt.	929.4	956.3	1,055.8	2,121.7	1,416.7	1,317.4
Mutton and lamb cwt.	593.5	1,152.1	1,494.2	2,018.6	2,495.6	4,129.5
Butter cwt.	768.2	1,795.5	1,694.2	6,342.5	8,618.4	7,673.0
Eggs Gt. hundreds	375.2	1,515.5	1,634.9	315.7	894.6	948.4
Apples cwt.	351.9	1,684.9	1,635.9	551.2	1,914.1	1,871.0
Wine in casks galls.	2,093.5	3,044.2	3,560.9	457.5	554.5	592.5
Raisins cwt.	719.8	300.1	429.5	1,546.5	702.5	807.8
Tinned fruit ... cwt.	136.3	237.4	376.3	291.7	476.0	671.0
Sugar, unrefined cwt.	4,239.2	4,124.4	6,328.6	2,851.2	2,155.7	2,669.1
Raw Materials (Class II)						
Zinc ore tons	108.7	41.2	*	394.9	123.6	525.0†
Wood and timber ††1000	6.5	9.2	*	160.2	180.9	279.4
Sheep's and lambs' wool (100 lbs.)	2,699.0	3,020.1	*	21,754.0	11,268.4	19,115.4
Sheep skins cwt.	168.2	135.0	145.6†	939.9	327.4	655.6†
Manufactures (Class III)						
Lead tons	90.4	129.6	175.4	2,114.4	1,535.1	3,102.0
Leather cwt.	16.5	31.7	*	157.4	161.0	506.2
Total Imports...	...	...	...	55,648.1	45,992.4	61,390.0

Notes of the Week

Political Conferences.—At Bournemouth the conference of the Labour Party has run its course without surprises. A five-year programme, including an imposing pensions scheme, has been adopted against the distant day when the party will regain office. Sir Stafford Gripps and Professor Laski have been put on the Executive in the first flush of the constituency parties' new freedom of election; but the disruptive views and practices for which they have lately stood have been vehemently repudiated. Out of the conference's proceedings Mr Morrison has emerged with enhanced prestige; and Mr Bevin has seemed more redoubtable than ever among trade unionists and politicians alike. At Scarborough the Conservative and Unionists have assembled in the main to express approval of the Government and all its works, and in particular to do honour to the new Prime Minister. There will be discussions about poultry and milk. Mr Churchill has marked his latest reconciliation with the leaders of the party by taking part in the debate on foreign affairs. Ministerial statements about population, the production of oil from coal, playing fields and the iron and steel industry are features. But the keynote will be satisfaction, and it is perhaps too much to expect that new policies will be generated in the autumnal seaside air. As at Bournemouth there will be no surprises; but neither will there be any personal recriminations.

A Disorderly March.—The moral of the disorders which attended the march of Sir Oswald Mosley and his Fascists last Sunday is clear. The meagre band of Fascists might have gone on their way unnoticed, apart from their protecting army of policemen, had not a partially successful attempt been organised to divert their progress. Barricades were built in the streets along which the procession was expected to pass, and threatening slogans were shouted in the streets which it actually traversed. Here was an opportunity for half the hooligans of London to add brickbats to menaces, and an unimportant occasion became a major disturbance. The Fascists, by provocative propaganda and methods, have courted resentful opposition, but to oppose them actively is to play into their hands and to magnify their importance. More common-sense and self-discipline would have kept both anti-Fascists and the idly curious at home on Sunday. Given no crowds, there would have been no opportunity for hooliganism; and the Fascists, being ignored, would have received the treatment which was their due.

France's Wise Choice.—Politics and finance are never very far apart in France, and the weakness of the franc in recent weeks brought a certain unsettlement into French politics. The technical position of the franc, which is discussed on another page, is still uncertain. But the political outlook has been considerably cleared by the decisions of a most important Cabinet Council held in the presence of the President of the Republic at Rambouillet last Saturday. The air has been full of rumours of an irreconcilable conflict of views between the Radical and Socialist Ministers on the methods to be adopted to save the franc. M. Bonnet was said to be for the revocation of the forty-hour week; the Socialists for its retention and the institution of exchange control. But the crucial meeting resulted in a compromise rather than a breach. The Prime Minister and the Minister of Labour were authorised to act on the conclusions of the Commission of Inquiry on Production "either by rationalisation of undertakings or by changes in labour conditions within the meaning of the Law of June 21, 1936, with regard to the forty-hour week." At the same time, the Government appealed to both employers and employed,

as citizens of the Republic, for a voluntary effort of public spirit and discipline. But it was also made clear that the Government would not hesitate to use its authority, if necessary, to prevent the recurrence of certain "manœuvres and illegalities" such as violations of collective contracts by the employers or stay-in strikes on the workers' part. Between the two wings of the coalition, it has also been agreed in advance that the present compromise shall not be affected by the results of the forthcoming cantonal elections.

Only to the extremists on either wing can this result have been unwelcome. There are, no doubt, some French reactionaries who would like to see the break-up of the French Popular Front, at almost any political cost to France and to the world. And equally there are extremists of the Left, to whom the difficulties of M. Chautemps' Cabinet appear as an opportunity to move farther to the Left. Across the Rhine, it is no secret that a forthcoming crisis in France, and the ensuing chaos in European diplomacy, have been pleasurably anticipated for many months. But the vast majority of men of good-will undoubtedly rejoice that MM. Chautemps and Bonnet are remaining in office. The result reflects the greatest credit on all the Ministers involved—and not least on the Socialists, for they have to continue in the subordinate position in the coalition and see some of their social victories of last year lost. M. Blum and his colleagues will have to face the accusation of betrayal from some of their wilder followers; but the charge is ridiculous, for if the Socialists had been guilty of bringing the present Government to the ground by refusing to make their contribution to the compromise which was necessary for keeping it in being, the franc would almost certainly have been involved in the political crash of the Popular Front, and the next move would have been the seizure of power by a virtual dictatorship of the Right parading as a "National Government." By their vote last year the electors of France demanded rapid and effective progress in overtaking the accumulated arrears of social reform. That they have been given. But the French electorate is not revolutionary and it would not measure on which the people set store—should be pushed through a *outrance* with a fanatical disregard for the general consequences. The Radicals and the Socialists were undoubtedly following the wishes of the people last Saturday. Their ability to compromise, to salvage the good at the expense of the ideal, gives the lie to those gloomy prophets who hold, after nearly seventy years, that parliamentary democracy is not natural to the genius of the French people.

Anglo-French Note to Italy.—The joint Anglo-French note to Italy on the withdrawal of foreign troops from Spain was presented at Rome on Saturday of last week. The draftsmen have evidently exerted themselves to round off the document so smoothly as to offer Signor Mussolini no finger-hold for catching it up and tossing it back in its authors' faces. The French Government are said to have wanted to warn Italy explicitly that if she does not give full and immediate satisfaction this time, then the Franco-Spanish frontier will be opened for the passage of munitions and volunteers into Republican Spain. Whether or not this statement was omitted at the British Government's wish, it certainly does not appear. Nor is there any demand for a three-Power Conference. Neither the place nor the method nor the scope nor the personnel of the proposed discussion is prescribed in advance. All that is asked for is "joint examination," "frank discussion" and "conversations." In fact, the

note would be quite an awkward present for Signor Mussolini to receive if he were likely to be embarrassed at the prospect of being shown up. But, in fact, that is hardly likely to worry him in the least. In Africa the secret of his success was his skill in playing for time. The game has gone the same way during the past twelve months on the Non-Intervention Committee. But apparently there is a limit even to Anglo-French patience. It was reported on Thursday that an urgent request was being made to the Italian Government for an answer to the invitation for a tripartite discussion. And at the Conservative Conference Lord Plymouth described the Mediterranean situation as "serious."

Spain and the League.—At Paris, on September 30th the agreement for a modification of the arrangement made at Nyon was duly signed by the French, British and Italian naval experts. Before the Paris meeting it was intimated that, outside the Tyrrhenian Sea, the French and British Governments were offering Italy a share in the French and British patrols, but not a separate area. Under the revised arrangement, the Italians have secured a zone of their own—and this, presumably, at the vital neck of the hour-glass, where the Mediterranean is at its narrowest between Sicily and Tunisia. That the work of the Mediterranean patrol will be no sinecure was shown by another submarine attack on a British destroyer, the "Basilisk," last Monday, off the east coast of Spain. Meanwhile, at Geneva, the resolution on Spain, agreed upon with some difficulty by an authoritative drafting committee and adopted by the political committee of the Assembly, has been rejected by the Assembly itself. The deciding factor was the adverse votes of Albania and Portugal. Some fourteen States-members abstained and thirty-two voted in favour of the resolution. In the preceding debate, Mr. Walter Elliot spoke eloquently and convincingly on behalf of a compromise for which he had been partly responsible on the drafting committee. The most active of the opponents were Hungary and Austria; the most vocal, Portugal and the Irish Free State.

The passages to which objection was taken were three. The first was the declaration that the Non-Intervention Committee had failed to secure the withdrawal of non-Spanish combatants. The second was a statement that "there are veritable foreign army corps on Spanish soil, which represents foreign intervention in Spanish affairs." Finally, exception was taken to a note to the effect that, if intervention could not be brought to an end in the near future, "the members of the League which were parties to the non-intervention agreement would consider ending the policy of non-intervention." There was no substance in Mr de Valera's contention that this last passage would tie the hands of States-members, and less than nothing in the Portuguese delegate's plea that the fact of foreign military intervention was not proved. It is obvious that the opponents of the resolution were considering, not the merits of the case, but their own national interests, prejudices or alignments—Switzerland her neutrality; Hungary, Austria and Albania their clientage to Italy; Portugal and certain Latin-American States their own Fascist ideology. The rejected resolution stands as a representative expression of world opinion. But the fact that, in the League Assembly, the world can be defeated by the joint efforts of Portugal and Albania gives point to one of the German criticisms of the League's constitution.

The War in China.—The campaigns in the northern provinces of China during the past week continue their story of Chinese retreats and Japanese advances. The Japanese working south down the Tientsin-

Pukow railway have now entered Shantung province, have taken Techow, and apparently do not anticipate any strong resistance north of Tsinan, the provincial capital. It is reported that doubts over the conduct of General Han Fu-Chu, Governor of Shantung, are no longer justified, and that he will stand firm with the national government. Down the Peiping-Hankow railway the Japanese have penetrated as far as Hsinle, and are threatening Chengting and Shihchiachwang, the junction for the railway running west to Taiyuan, in Shansi province. Japanese armies are in touch with each other across the Hopei plain. A third line of advance has brought the Japanese into the Shansi plain after a long circuit between the Outer and Inner Great Walls, and a flanking movement to avoid the Yenmen Pass, which is reported still to be held by the Chinese. This third Japanese army is now at Taichow and threatening Taiyuan, from which the Government of Shansi has been evacuated to Linfen. The Chinese are expected to make a more stubborn stand before the Japanese progress much further along any of these lines. In the far north, Prince Teh and his Mongols are reported to have taken Pailingmiao, their former capital in Suiyuan province. At Shanghai the warfare has been more intense than ever, but the Japanese have been unable to make progress. Air raids continue on Nanking, Canton and many other towns, including Suchow, in southern Shantung, and Haichow, in northern Kiangsu. One of the heaviest raids of the war has been made on the Canton-Hankow railway, but it is repaired as frequently as it is damaged, and munitions are reported still to be entering from Hong Kong.

The President's Tour.—President Roosevelt's tour to the West has done him political good. When he left Washington he was still under the shadow of the defeat of his Supreme Court proposals and gravely embarrassed by the allegations that his nominee to the bench, Mr Hugo Black, was a member of the Ku Klux Klan. During the President's absence from Washington Mr Black has returned from Europe and taken his seat on the Court. He made a radio speech, admitting that he had once been a member of the Klan but claiming that he resigned from it before his election to the Senate eleven years ago and had never since renewed his association with it. Attempts were made when the session of the Court opened to object to his membership on legal grounds, but the Chief Justice refused to allow them to proceed except by way of written petition to the Court. There is every indication that the agitation will die down. It is reported that the President found a complete lack of interest in the subject on his tour—this indifference sometimes extending to the Court itself as well as to the personality of the newest Justice. He is also reported to have found his personal popularity undimmed; the West at least is still ready to follow his leadership, with possible reservations.

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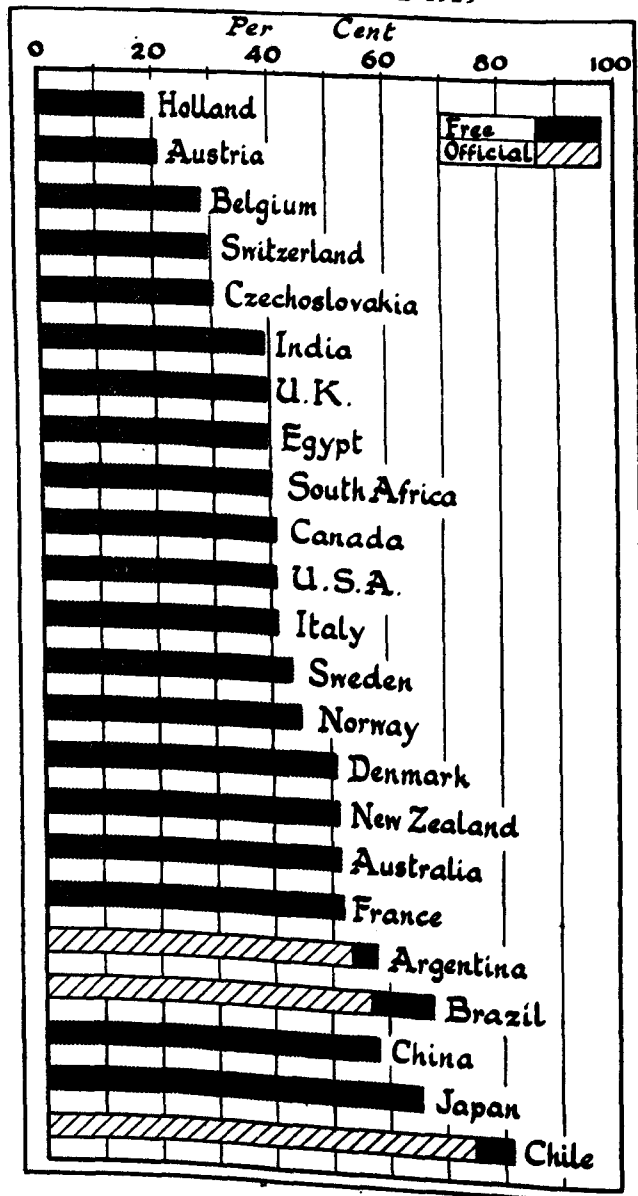
on constitutional subjects. This contact with public opinion has encouraged the boldness which is never very far removed from Mr Roosevelt's practice of politics. Its results in the sphere of foreign policy were seen in the speech at Chicago. In domestic matters, he is reported to have decided to summon a special session of Congress to meet next month, possibly on November 15th. Fortified with popular approval, he would then attempt to force through some of the measures—notably crop control and legislation fixing minimum wages and maximum hours—which had to be abandoned before the adjournment in August.

Drastic Action in Palestine.—On Friday of last week the Palestine Government declared the Higher Arab Committee an unlawful association. The Mufti of Jerusalem was deprived of his presidency of the Moslem Supreme Council and of his membership of the General Waqf Committee. Four prominent members of the Higher Arab Committee, and its secretary, were to be arrested and deported. The Government pleaded the terrorist campaign in justifying its action "against certain persons whose activities have been prejudicial to the maintenance of public security in Palestine and who must thus be regarded as morally responsible for" the recent assassinations. The suppression of the existing Arab leadership, which many observers on the spot believed to be overdue, has been calmly received, at least on the surface. But the position of the Palestine and British Governments is unenviable. The proposals of the Royal Commission for the future of Palestine, which still hold the field, depend absolutely for their success upon the co-operation of both communities. Not only has Arab opinion apparently set its face against them; there is no authentic voice of Arab opinion with which alternative possibilities might be discussed. In some ways the position is akin to that in India after the repudiation of the Simon Commission by Indian nationalism; in some ways it is worse. There seems nothing to be done but to go on governing fairly and firmly, while nursing designs for the long-term future which may find acceptance when time has done its healing work.

Guerilla Tactics in Alberta.—The Alberta Cabinet's riposte to the Federal disallowance of its banking legislation was a parliamentary resolution simply denying Ottawa's right to disallow provincial laws. The Minister introducing it is reported to have claimed that the Dominion's power in this respect had tacitly lapsed, along with the Imperial Government's right to disallow Dominion legislation. This contention, however, ignores the express provisions of the Statute of Westminster that the constitution of Canada is exempt from its scope and that the powers conferred by it on the provincial legislatures are restricted to matters within their constitutional competence. The Lieutenant-Governor of Alberta seems to have been better advised. He has withheld the Royal Assent to the banking laws and also to a new Bill fathered by the Social Credit Government which would limit the freedom of the Press and compel newspapers to publish Government matter. The Lieutenant-Governor is appointed by the Governor-General in Council, to whom he is theoretically responsible for the discharge of his constitutional duties, and he is therefore well within his rights in referring the issue back to Ottawa. At the same time, the constitution gives wide powers over the Lieutenant-Governorship to the provincial Government and legislature, which might use them to defeat the latest move. It is not clear how far Mr Aberhart, or for that matter Mr Mackenzie King, will wish to pursue this legal guerilla. Only a provincial general election can pass the responsibility to the authority to which it really belongs—the people of Alberta.

Currency Depreciation Since 1929.—The accompanying diagram shows the percentage fall in the gold value of the leading currencies of the world since 1929. Among the principal countries, Germany alone has so far refrained from depreciating her currency, though the rate of exchange of the mark has been lowered below the former gold parity rate for innumerable purposes.

REDUCTION IN GOLD VALUE OF PRINCIPAL CURRENCIES SINCE 1929



Those countries which have depreciated the gold value of their currency units by about 40 per cent. include the majority of the leading trading nations. Holland, Belgium and Switzerland were able to re-establish equilibrium with a lesser amount of depreciation owing to the reduction in internal prices achieved previous to depreciation, but the gold value of the French franc has fallen by more than 50 per cent. as a result of the increase in costs due, in part, to M. Blum's social legislation. The majority of currencies, however, have now again reached a condition of temporary stability at rates of exchange, among themselves, not very different from those ruling in 1929.

Cost of Living Inquiry.—The inquiry to be undertaken by the Ministry of Labour into the expenditure of 30,000 representative working-class households on rent and rates, food, gas and electricity, fuel, clothing, utensils, fares and amusements will be doubly useful. It will incidentally furnish the Ministry of Health with valuable information about the nation's dietary; and it will provide the data for an up-to-date measurement of the cost of living, which is its chief purpose. The co-operation of selected households will be solicited to pro-

vide information about expenditure in specified weeks in October and in January, April and July, 1938. Most of those asked for information will be persons insured against unemployment, although some persons will be included who are not so insured but come within the income limit of £250. Those who co-operate will be paid for their information. The present cost of living index is based on an obsolete schedule of working-class expenditure and, at a time of rising prices, the present inquiry is warmly supported by trade unions and employers' organisations alike. As a result of the information collected, a much-needed element of accuracy will be introduced into our social statistics.

Slump in Raw Material Prices.—The last week has witnessed a further sharp decline in the price of many important primary products. The fall was very marked in the case of non-ferrous metals, quotations for copper, lead and spelter reaching the lowest levels of this year, while tin is now cheaper than at any time since last February. Quotations for cotton and rubber continued their downward trend, while wheat prices, which have been firm until recently, also registered a setback in Liverpool this week.

PRICES OF IMPORTANT COMMODITIES

	Sept. 29th	October 6th
	£ s. d.	£ s. d.
Copper, per ton	47 5 0	45 12 6
Lead, per ton	19 8 9	17 16 3
Spelter, per ton	19 2 6	17 12 6
Tin, per ton	246 0 0	233 5 0
Cotton, per lb.	0 0 4.96	0 0 4.76
Rubber, per lb.	0 0 8.8	0 0 7.4
Wheat, Liverpool, per 100 lbs.†	0 8 8	0 8 6½

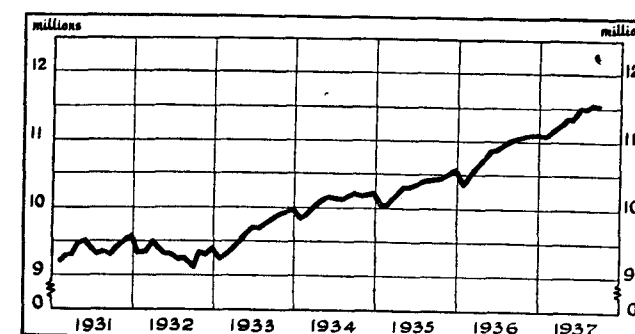
† March futures.

The persistent decline in the price of primary products reflects the pessimistic view taken of consumption prospects, especially in U.S.A. Just as fears of a world shortage of raw materials prompted buyers earlier this year to lay in stocks for lengthening periods at rapidly rising prices, fears of a fall in world consumption and rising production are now causing them to restrict their purchases to immediate requirements in anticipation of a further fall in prices. For example, the decision of copper producers to resume restriction has had as little effect in stemming the headlong fall in prices as the decision to discontinue restriction earlier this year. The fall in prices of primary products, if it persists, will have far-reaching consequences, especially for international trade.

British Eggs and Poultry.—After twelve months deliberations, the Import Duties Advisory Committee has decided that an increase in the tariff on eggs and poultry imported from foreign countries would not benefit the British poultry industry. The existing scale of duties—1s. to 1s. 9d. per 120 on eggs and 3d. per lb. on table poultry—will accordingly remain in force. Meanwhile the county branches of the National Farmers' Union and the bodies affiliated to the National Poultry Council are considering certain draft proposals for a marketing scheme, prepared by a joint committee of these two organisations. The main object of the proposals, which are less ambitious than the recommendations of the Re-organisation Commission which the industry rejected some time ago, is to increase the proportion of eggs marketed through packing stations. This is a laudable objective, but its early attainment seems doubtful for two reasons. The first is the present temper of the industry, which appears to be opposed to any form of marketing scheme. The second reason is that the proposals are contingent upon some form of quantitative import restriction, coupled with financial assistance from the Government. Before anything further can be done, however, the half-million poultry keepers of this country must deliver their verdict.

A Decline in Employment.—The September figures for employment and unemployment are unsatisfactory in themselves, and, taken in conjunction with other indications, rather depressing. According to the Ministry of Labour's estimate, the aggregate number of insured persons, aged 16 to 64, at work on September 13th was 11,599,000, or 7,000 less than a month

EMPLOYMENT IN GREAT BRITAIN



before. The unemployment figures are affected by a change in the method of counting. Hitherto the count has taken place on Monday, and anyone still on the books from the previous Friday has, unless it is known that he has secured work, been counted as unemployed.

UNEMPLOYMENT BY INDUSTRIES IN GREAT BRITAIN

Industrial Group	Number in Thousands			Percentage	
	Sept. 21, 1936	Aug. 23, 1937	Sept. 13, 1937	Sept. 13, 1937	Change since Sept. 21, 1936
Coal mining	192.1	122.2	118.3	13.2	-8.2
Iron and steel	26.1	19.8	19.6	10.5	-4.5
Engineering	53.6	39.5	39.6	5.3	-2.1
Motor vehicles, cycles, and aircraft	17.4	19.8	17.4	5.5	-0.2
Road transport	28.5	21.0	20.7	9.3	-4.3
Shipbuilding and repairing	43.2	36.0	37.4	23.1	-6.4
Building	117.7	107.6	115.4	11.3	-0.8
Public works contracting	114.7	102.9	102.8	35.6	-5.3
Cotton	68.5	44.4	48.4	11.5	-4.3
Woolen and worsted	20.2	22.0	23.4	10.5	-1.4
Tailoring	29.3	29.0	30.3	14.4	-0.4
Hotel, boarding-house, etc., service	55.7	45.4	50.1	11.5	-1.7
Distributive trades	181.7	152.5	155.8	7.6	-1.7
All persons registered (including other trades)	1,624.4	1,358.6	1,339.2	...	...

Now the count is taken on the Friday, and special precautions are taken to exclude anyone who has found a job. Hence the apparent fall of 19,400 in the total of unemployed. On a comparable basis the Ministry estimate a rise of about 30,000. This is distinctly larger than the usual seasonal rise at this time of



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year and less than a half of it is accounted for by building, hotel service and the distributive trades. Employment has fallen off in the textile trades, shipbuilding and engineering, though it has increased in coalmining and in the motor and pottery industries. The general indication seems to be that where demand is slackening employment declines quickly, but that severe frictional forces prevent it from rising where demand is still on the upgrade.

Shipping Freights Still Rising.—The past month saw a strong seasonal advance in freight rates, reflected in an increase of 5 per cent. in *The Economist* Index for September. Compared with a year ago our Index shows an increase of no less than 70 per cent. While the construction of new tonnage is now increasing, there is no indication that the scarcity of available shipping capacity is likely to be relieved in the near future, especially as shipowners are now more cautious in placing new orders owing to higher shipbuilding costs:—

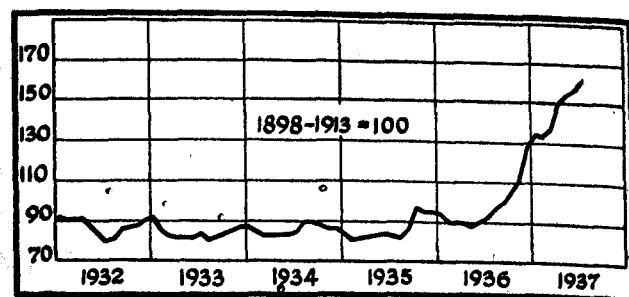
(1898-1913=100)

	Average, 1913	Sept., 1936	June, 1937	July, 1937	August, 1937	Sept., 1937
European waters	110.0	102.2	186.8	186.0	178.7	180.6
North America	113.1	95.0	120.7	119.2	125.9	146.8
South America	123.4	93.3	151.4	149.6	154.2	158.2
India	106.3	108.3	158.4	164.8	180.2	186.4
Far East and Pacific	117.4	103.9	159.3	158.5	170.6	180.8
Australia	127.9	98.8	165.5	149.2	161.1	165.0
Total	116.3	100.3	157.0	154.5	161.8	169.8
1913 = 100	100.0	86.2	134.9	132.8	139.0	145.0

As the next table shows, the movement of freight rates showed considerable variation on different trade routes:—

	Index No.	Inc. or dec. Points		Index No.	Inc. or dec. Points
Home trade	127.1	+ 5.6	South America:—	101.7	— 1.8
Bay—outwards	203.7	— 22.0	Outwards	216.7	+ 11.5
Bay—homewards	261.3	+ 9.7	Homewards	147.4	— 6.3
Mediterranean:—			India—outwards	225.5	+ 18.8
Outwards	154.9	— 8.0	India—homewards	180.8	+ 10.2
Homewards	208.5	+ 20.2	Far East, etc.	165.0	+ 3.9
North America	146.8	+ 20.8	Australia		

We append a chart showing the course of the freight index number during recent years:—



While the normal seasonal expansion of international trade favours the maintenance of strong freight markets during the next few months, the downward trend in prices of raw materials, unless arrested, augurs less well for the more distant future.

The Trend of Business.—The latest news suggests that business conditions as a whole are still fairly satisfactory. In contrast to the movement a year ago, employment between August and September showed a slight decline, and the increase in unemployment was a little more marked than a year ago. Sales of yarn and cloth in the cotton industry continued to be below current output, and order lists showed a tendency to run down. Similarly, activity in wool textiles has tended to decline. To some extent, the reduction in turnover of textiles can be ascribed to the fall in raw material prices. The seasonal improvement in coal mining con-

tinues. While the demand for coal for industrial purposes is still growing in certain districts, others report a lull in new business. Activity in the iron and steel and metal industries remains high. Consumers of steel are still pressing for delivery against contracts, and current output is passing immediately into consumption, but owing to increasing output and heavier imports the stringency of supplies is now less marked. Building activity is showing a seasonal decline and there has been some slackening in speculative construction. Prospects still favour a high level of business activity during the next few weeks, but the outlook for next year is more uncertain.

Lower Colliery Profits.—During the first quarter of this year the coal-mining industry was unable to increase its output, largely because of the influenza epidemic which increased the number of lost man-shifts. During the second quarter, conforming to the normal seasonal movement, the tonnage disposable commercially actually increased under the stimulus of an improvement in demand. The figure rose by 6.7 million tons, or 14 per cent., as compared with the corresponding period in 1936:—

Period	Tonnage Disposable (Mill.)	Costs per Ton		Proceeds per Ton	Credit Balance per Ton	Output per Man-shift	Earnings per Man-shift
		Wages	Total net				
1932		s. d.	s. d.	s. d.	s. d.	Cwts.	s. d.
2nd quarter 1932	46.1	9 1½	13 10	13 8	— 0 2	21.78	9 2
2nd quarter 1933	42.8	8 11½	13 8½	13 4½	— 0 4½	22.07	9 1½
2nd quarter 1934	46.9	8 8½	13 1½	13 2½	0 0½	22.59	9 1
1st quarter 1935	51.3	8 6	12 9½	13 6½	0 8½	23.40	9 2½
2nd " 1935	47.6	8 7½	13 2½	13 2½	0 0½	23.10	9 2½
3rd " 1935	46.6	8 8½	13 0½	13 2½	0 0½	22.93	9 3½
4th " 1935	54.1	8 4½	12 7½	13 11½	— 0 1½	23.89	9 4
1st quarter 1936	54.4	8 11½	13 2½	14 8½	1 5½	23.95	9 11½
2nd " 1936	48.2	9 3½	13 11½	14 3½	0 4½	23.26	10 0½
3rd " 1936	48.9	9 3½	13 11½	14 4½	0 5½	23.12	10 0½
4th " 1936	54.0	9 1½	13 7½	15 0½	1 5	23.76	10 2
1st quarter 1937	54.3	9 3½	13 9	15 6½	1 9½	24.00	10 4½
2nd " 1937	54.9	9 11½	14 7	15 6	0 11½	23.38	10 9½

† Excluding allowances in kind, amounting to 4.52 pence per man-shift worked in the second quarter of 1937.

The credit balance, per ton, however, as given in the latest *Statistical Summary* (Cmd. 5559), showed a sharp reduction between the first and second quarters, from 1s. 9½d. to 11d., before allowing for interest on debentures, bank loans and overdrafts and certain other items aggregating about 3d. per ton. The decline was due almost entirely to a rise in costs, for proceeds per ton fell only by a halfpenny during this period. The increase in costs per ton was 10d., of which 7½d. was accounted for by higher wages and the remainder by increases in the prices of stores, timber and other items. To some extent the fall in credits per ton is due to the fact that this item may include a balance which is carried forward, and against which higher wages may be debited in the succeeding period, any increase in earnings as ascertained being distributed between wages and colliery profits in the ratio of 85 to 15. While the sharp rise in the credit balance per ton during the first quarter, therefore, was not synonymous with a corresponding increase in colliery profits, the fall in the second quarter does not indicate a corresponding deterioration in the earning capacity of the industry.

World's Mineral Production.—The Imperial Institute's recent report* on the minerals of the British Empire is of particular interest at a time when the question of access to raw materials is the subject of political polemics and expert investigation. The following table, taken from the report, shows world and Empire production of the most important minerals in 1929 and 1935, together with the proportion of the total

* "The Mineral Position of the British Empire." The Imperial Institute, London. 4s. net.

produced in the Empire. The list is arranged in approximate order of value of world output:—

WORLD AND EMPIRE PRODUCTION OF IMPORTANT MINERALS
(In approximate order of value)

	1929			1935		
	World	Empire	Empire per Cent. of Total	World	Empire	Empire per Cent. of Total
Coal	1,540,000	327,000	21.2	1,290,000	288,000	22.3
Petroleum	203,700	3,430	1.7	225,000	4,020	1.8
Gold (a)	19,400	14,100	72.7	29,400	17,140	58.3
Iron ore	200,000	18,900	9.5	140,000	17,950	12.8
Copper ore (b)	1,920	164	8.5	1,460	410	28.1
Tin ore (b)	191	90	47.1	135	59	43.9
Silver (a)	285,000	43,000	16.2	224,000	37,000	16.5
Lead ore (b)	1,720	500	29.1	1,380	550	40.0
Zinc ore (b)	1,780	394	22.1	1,540	454	29.5
Salt	29,000	4,300	14.8	31,000	5,200	16.8
Potash	2,390	2.3	0.1	2,400	1.5	0.6
Phosphates	10,400	684	6.6	9,000	868	9.6
Sulphur	3,080	175	5.7	2,450	187	6.4
Nickel ore (b)	55	30	54.5	73	63	86.6
Pyrites	7,800	370	4.7	7,800	450	5.8
Diamonds (c)	7,430	5,071	68.3	6,190	2,501	40.4
Asbestos	423	376	88.9	374	255	68.2
Manganese ore	3,600	1,460	40.6	4,000	1,200	30.0
Bauxite	2,150	229	10.7	1,740	146	8.4
Chromite	590	377	63.9	750	255	31.3
Mica	18.3	11.2	61.2	33	8.4	25.5
Graphite	148	14.2	9.7	127	15.9	12.5

(a) Thousand fine ounces. (b) Metal content of ore. (c) Thousand metric carats.

Though the world's mineral industry had not yet fully recovered from the depression by 1935, the current output of most materials is now substantially higher than in 1929. The Empire's share in 1935 exceeded 20 per cent. of world production in the case of eleven out of the twenty-two materials listed in the table, and was less than ten per cent. in the case of only seven minerals.

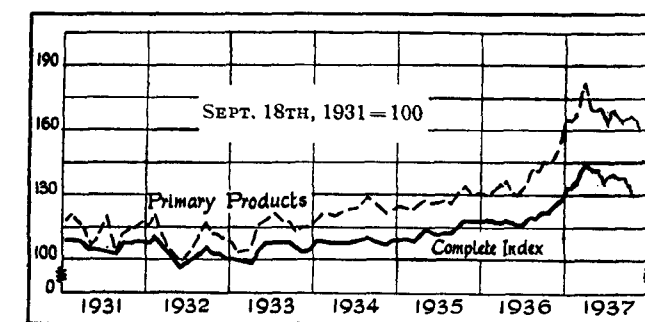
Further Decline in Commodities.—The decline in wholesale prices continues, and has been accentuated in the United States by a heavy seasonal fall in the price of maize. In England the complete *Economist* index number has fallen by 0.6 per cent., while primary products have fallen by 2.6 per cent. In the United States, the *Economist* primary products index number has fallen by 7.6 per cent., while the complete Irving Fisher index number has fallen by 1.6 per cent. French wholesale prices have also fallen slightly, the world movement for the moment outweighing the depreciation of the franc. There was a rise of 1.2 per cent. in Italian wholesale prices.

SEPTEMBER 18, 1931 = 100

Date	The Economist Indices			Price of Gold (sterling)	U.S.A., Irving Fisher	France, Statistique Générale	Italy, Milan Chamber of Commerce	Germany, Statistisches Reichsamt
	British Complete Index (sterling)	Primary Products (sterling)	American (dollar)					
1932								
July 27th 1932	99.6	103.5	84.1	136.9	88.3	91.3	88.5	88.1
July 28th 1933	106.1	120.6	124.7	145.7	100.9	89.7	86.2	86.6
July 28th 1934	106.5	124.8	136.7	162.4	113.2	81.4	83.2	91.1
July 18th 1935	112.7	126.7	146.2	165.6	120.2	75.9	86.2	93.9
July 31st 1936	118.7	140.4	157.2	163.4	120.6	86.6	111.4†	95.7
Aug. 19th 1936	119.4	141.9	163.2	162.7	121.9	88.8	111.4†	96.1
Sept. 30th 1936	121.8	144.5	159.6	165.0	121.8	96.4	112.5†	95.9
Oct. 28th 1936	123.6	145.7	161.1	167.1	122.5	102.1	114.8†	95.8
Nov. 25th 1936	126.3	150.9	172.0	167.2	124.8	106.9	...	95.9
Dec. 30th 1936	131.3	163.9	187.8	166.7	128.8	113.0	...	96.4
1937								
Jan. 27th 1937	134.2	164.2	184.5	167.0	115.9	...	...	95.7
Feb. 24th 1937	136.8	168.2	187.4	167.4	116.8	...	...	96.2
Mar. 31st 1937	144.3	181.9	199.7	167.4	118.3	...	...	97.5
Apr. 28th 1937	142.0	169.9	183.5	165.4	115.6	...	...	97.0
May 19th 1937	142.4	168.7	184.4	165.3	115.6	...	...	97.2
June 2nd 1937	142.7	170.2	178.9	165.6	114.3	...	...	97.5
June 16th 1937	139.4	163.6	173.5	165.3	113.3	...	...	97.4
June 30th 1937	139.5	165.9	176.8	165.7	114.1	...	...	97.8
July 14th 1937	140.7	168.5	180.4	165.0	114.1	...	...	97.9
Aug. 11th 1937	139.3	166.8	171.1	164.2	113.3	...	...	98.2
Aug. 25th 1937	137.9	164.4	165.3	164.2	113.0	...	...	98.1
Sept. 8th 1937	137.4	165.1	166.9	165.3	112.2	...	...	97.7
Sept. 22nd 1937	136.0	164.0	166.3	165.1	113.7	...	...	97.6
Oct. 6th 1937	135.1	159.7	153.7	165.5	113.5*	139.2*	139.3*	97.6*

* These figures relate to September 29th.
† Monthly averages.

The chart shows the trend of British wholesale prices. The primary products curve has now dropped to the lowest point for the year.



Details of group movements in the complete *Economist* index number are given below:—

	The Economist Index (1927 = 100)			
	Sept. 18, 1931	Sept. 8, 1937	Sept. 22, 1937	Oct. 6, 1937
Cereals and meat	64.5	88.1	89.1	92.3
Other foods	62.2	66.8	67.2	67.7
Textiles	43.7	68.0	65.5	64.3
Minerals	67.4	108.9	106.4	101.0
Miscellaneous	65.8	85.3	84.5	83.5
Complete index	60.4	83.0	82.2	81.6
1913 = 100	83.1	114.2	113.1	112.3
1924 = 100	52.2	71.7	71.0	70.5

Cereals are firmer, while there have been increases in potatoes, tea and butter. There has been a further decline in cotton, but Australian wool has rallied after its fall. There were sharp decreases in non-ferrous metals.

Argentine Election Results.—The final results of the Presidential elections in Argentina have contained no surprises. Dr Ortiz, the National Coalition candidate, Minister of Finance under the outgoing President, General Justo, has been returned with 248 seats in the electoral college against 128 won by the Radical candidate, Dr de Alvear. The actual voting was much closer and showed some considerable gains to the Opposition. Dr Ortiz took no part in the revolution which in 1930 ejected the aged President Irogoyen, and he is reported to be one of the least reactionary members of the Government. His return, after a peaceful election by South American standards, is a tribute at once to the success of the revolution and to the good fortune of the late Government. Argentina has now returned to more democratic conditions after an interregnum of a National Government, which came to power by force, and established itself by managing the elections. The restraint of the Army and its advisers has been admirable. Army intervention was kept to a minimum even at the worst period of economic crisis and has now ceased. The extraordinary rapidity with which prosperity returned has stifled discontent and the Government, as in this country in 1935, benefits from the paucity of grave political issues. Argentina can now proceed to deal with the problems of the boom, with her relations with Spain, with South American questions, and with the whole subject of immigration without violence or over-violent controversy.

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From Our Special Correspondents

United States

Wall Street Makes History Again

NEW YORK, September 28.—Once again "hot money" has come into the forefront of discussion. During the two weeks following the open-market operation of September 13, the share market, while still feverishly excited, showed some signs of stabilising. On September 23, however, the rumour spread that Sir Frederick Phillips, Under-Secretary of the British Treasury, was discussing with Secretary Morgenthau the imposition of new taxation on foreign investments. The immediate response was a wave of liquidation which lasted about three days. Wall Street has for some weeks been so nervous that any adverse rumour was quite sufficient to induce selling.

Since March, the average of industrial shares has fallen about one-third; but a large number of individual issues are now quoted at half or less than half the figures reached earlier in the year. The net decline since March has exceeded the reaction of 1926, and outrivalled the semi-bear market of 1923-24; it has not equalled in intensity the post-war bear market (1919-21) or the "Panic of 1907." Nevertheless, the rapidity and extent of decline since early August are sufficient to ensure it a place in American economic history.

For the fourth consecutive quarter production has been continuously sustained at a high level. Perhaps one should be more dubious about profits. Indications suggest that the second quarter of 1937 brought some reduction in profit margins. Wages and the cost of materials were increased; there was possibly some gain in technical efficiency, but it was not equivalent, and the effort to pass on the higher costs to the consumer was not entirely successful.

There has been some firming of the interest rate. This did not extend to call loans, which have remained at 1 per cent., or to customers' loans; nor has the volume of loans been reduced. Commercial loans have risen continuously over the past year up to the present. The Treasury successfully floated a long-term 2½ per cent. issue in December, 1936; it floated another in March, 1937, not so successfully; and to-day the 2½'s of 1936-55 are quoted just above par. Nine-month Treasury bills toward the end of 1936 were on about a 0.40 per cent. basis; in the summer they touched about 0.70 per cent.; and are now at about 0.50 per cent. Gilt-edge corporate bonds have moved with long-term Government securities—at a differential measured by the exemption of tax to institutional holders of Government issues. These rates are the measure of the "pressure" involved in the Reserve Bank's policy of reducing excess reserves—which are now above the \$1,000 million mark. There still remains the problem of explaining the fact that, in

spite of reduced profit margins and higher interest rates, dividend yields of 6 to 8 per cent. are not uncommon.

Conflicting Views and Indices

Opinion falls into two extreme groups. One can be stated simply and briefly: the market has completely lost touch with business; investors have become hysterical and panicky; and prices in such thin markets do not represent genuine investment appraisal but mere emotion. The other opinion affirms that the third quarter business is just "water over the dam"; that current orders are far from equal to current production; that the autumn, instead of bringing increased orders, has brought reduced orders; that the construction industry fell off in early summer, and shows no sign of recovery; that textiles have actually relapsed into depression; and that the railroads, caught between increased labour and material costs and unchanged rates, have been forced to lay off some 20,000 men—just after they had been obliged to give those same men an increase in wages. This view forecasts that, unless some new factors emerge, the fourth quarter of 1937 will show an abrupt slump in production and an equally precipitate decline in earnings. Thus, according to this opinion, the market is more or less accurately heralding an approaching depression in business. These two views cannot be reconciled.

There is, however, one other contributory factor. Not many individuals were affected by the Loophole Tax Act of August, but those few were large holders of corporate securities. This Act will, over a period of time, force the liquidation of these portfolios and the reinvestment of the funds in tax-exempt securities. If the volume were substantial, it would throw a good deal of light on recent market behaviour.

In the past a 2½ per cent. rate on long Government bonds would have indicated an abundant supply of capital available to industry. Now it merely indicates that the banks are provided with excess reserves. A 3½ per cent. rate on gilt-edge corporate investments would have implied the same thing; now it merely means that certain institutions are still able to direct the flow of a limited amount of capital into restricted channels. Neither rate is indicative of the supply of capital available to corporate enterprise, which is small and dear.

The Effects of Taxation

One major stream of investment capital has been diverted by tax-legislation from corporate securities into tax-exempt securities. That stream of capital which flows through the incomes of persons in the higher grades is now excluded from participation in corporate enterprise. This fact, in conjunction with the undistributed corporate profits tax, obviously affects the formation and flow of capital. Similarly, it is questionable if the stock market possesses the barometric capacity formerly ascribed to it. The combination of the capital gains tax and the Loophole Tax Act, with the new six-months' regulation on directors and large stockholders has the effect of inducing selling without compensatory buying. One might almost say that under the Loophole Act the rich are given strong reasons to sell corporate securities, but they are penalised if they buy them.

The August business indices of the Federal Reserve Board show that manufacturing activity has maintained the level of recent months. In August it even advanced more than seasonally compared with July; which was approximately offset by a decline in residential building contracts.

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France

Next Year's Budget Balanced

PARIS, October 7.—The latest efforts of the second Popular Front Government against the continued depreciation of the franc included the submission of the 1938 Budget Bill accounts to the parliamentary commissions and the announcement of important Cabinet decisions at Rambouillet on the eve of the cantonal elections. The Budget Bill forecasts a surplus on the ordinary Budget of 1,600 million francs; 53,781 million francs revenue and 52,179 million francs of expenditure. The extraordinary Budget includes 13,630 million francs for armaments and public works. The Pension Fund shows a final deficit of 2,300 million francs. Thus, the Treasury will have to borrow 16,000 million francs, or 1,300 millions a month, since M. Bonnet intends to apply the surplus to the increase of civil servants' wages and to re-armament.

The Minister of Finance pointed out that his estimates had been made with a maximum of caution; that the sum to be borrowed did not exceed the possibilities of French saving; but that results would depend ultimately upon the energies of the nation, of which the money was only a reflection. Nevertheless, this statement of figures has been followed by a new fall of the franc to 150 to the pound. Many rumours are abroad of a split in the Cabinet about the claim of the civil servants for a minimum increase of 150 francs a month in wages. But a "unanimous" declaration was published after the meeting at Rambouillet stating that the exchanges would not be controlled and that the forty-hour week would be modified. Exported capital was urged to return to absorb the 12,000 million francs deficit on foreign trade account. A tighter supervision on foreigners' activities was announced; and, finally, M. Sarraut was nominated "Proconsul" in North Africa.

Cabinet Decisions and Political Reactions.

But will these good resolutions have a successful sequel? Probably they will not before the cantonal elections, which will take place on October 10th and 17th. The Commission of Inquiry on Production is awaiting the result of the elections; and their imminence explains why M. Jouhaux, leader of the trade unions, has stated that the adjustment of the forty-hour week must follow the repatriation of exported capital. How will people vote? Public opinion seems to have received the collapse of the franc very calmly—perhaps because this collapse seems the only way to "amortise" the huge public indebtedness which the war created. Perhaps also the country lives in the hope of a repetition of the 1924-26 drama—the Marne of the franc—when a catastrophic fall was necessary to bring the masses into line to support a national recovery programme. The Popular Front has wiped out the excesses of the deflation policy; the Conservatives are unable to formulate an attractive policy; and monetary depreciation has improved the public finances. Now new possibilities may be open to an authoritative Cabinet to guard against the errors of the past and foreign menaces. The Liberals in the last few days have shown some signs of independence, and perhaps they are thinking in this way. We shall be more certain about these matters after the elections and particularly after the Congress of the Radical-Socialist Party, which will take place at Lille on October 28th.

It is to be noticed, meanwhile, that the moderates are making a praiseworthy effort to support the radical programme. Thus M. Reynaud declared that the recent Cabinet decisions were a veritable *coup de théâtre*. The Government, he says, has taken up its stand before the elections. Therefore, no special political significance can be attached to the elections. The Socialists have denied their former religion. They have accepted the condemnation of the first Popular Front Government's policy pronounced by the Senate, to which hitherto they had been steadfastly opposed. The possibility of a return to the former political alignment is, on this view, ruled

out. "All is changed." M. Reynaud emphasised that the new Budget and price conditions have opened up new possibilities of a return of confidence and an improvement in the balance of foreign trade. The leader of the Employers' Union, M. Gignoux, has added his efforts to those of the moderates in favour of social peace and national recovery.

Germany

Dr Schacht Shelved?

BERLIN, October 6.—The Bourse last week was somewhat livelier, with a sharpish advance of share prices on Friday; but, in general, movements were irregular. Rumours that the profits of industry were to be in great part taxed away were denied by Dr Schacht, during the Savings Bank Congress at Essen, and by Herr Reinhardt of the Finance Ministry. The only change officially announced is the withdrawal of tax-exemption on "short-lived capital goods" of the nature of industrial machinery, which was conceded in order to encourage investment during the period of unemployment in 1934. At Essen, Dr Schacht once more called for national saving, emphasising the value of this to the Government. Dr Schacht condemned those persons who "believe that the banknote printing press has lost its terrors merely because, thanks to foreign-exchange control, the results are not daily visible in the dollar exchange."

About Dr Schacht's position nothing certain has transpired. It is confirmed only that he has had trouble with Dr Ley over the "Organisation of German Business" and the "Labour Front." It is believed that his formal resignation from the Ministry of Economy, at least, was submitted to Herr Hitler, but rejected. Herr Hitler's acceptance would have advertised Dr Schacht's protest against financial maladministration. It seems that, instead, Dr Schacht has been shelved (in German *kaltgestellt*) by the device of unofficially incorporating his department in the Four Years' Plan organisation. Apparently the Plan is to become a burial ground for the economically unco' guid in a world of bold, bad spenders. Under similar circumstances, the Labour Minister, Herr Seldte, has *de facto* disappeared, though still *de jure* a real live Minister.

Denying rumours about increased taxation, the State Secretary declares that the principle of Budget equilibrium would be maintained. In default of figures this means little. All Reich Budgets are drafted to balance, often, however, with the aid of credit or of other exceptional non-tax revenue. In 1937-38, said Herr Reinhardt,

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tax revenue would reach Rm. 14,000 millions, compared with Rm. 6,600 millions at its lowest in 1932-33. This estimate is plausible enough: in August tax-revenue totalled Rm. 1,080 millions, compared with Rm. 861 millions in August, 1936; in the first five months of the financial year it was Rm. 5,320 millions, compared with Rm. 4,387 millions a year ago.

A Berlin bank has issued the following estimates of the profits of joint-stock industry:—

Business Year (July to June)	No. of Com- panies	Net Profits	Net Losses	Total Profit or Loss in Per cent. of Capital	Dividend on Total Capital
		Millions of Marks			
1927-28	2,006	908.2	81.7	+ 6.54	6.63
1931-32	1,717	259.9	1,262.1	- 7.56	2.19
1935-36	1,955	580.2	48.3	+ 4.54	4.25
2nd half-year, 1936	1,249	512.8	68.7	+ 5.07	5.15

As the companies have pursued cautious dividend policies, writing down heavily, and seeking to accumulate resources for new investment, the 1935-36 figures show the position better than those for the 1936 half of that year. An instance of caution, which disappointed the Bourse last week, was the small increase—only $\frac{1}{2}$ per cent.—in the dividend of the Kloeckner-Werke A.G. Nevertheless, out of its increased profits, this company was able to invest Rm. 6 millions in expansion.

Company Restraints and State Monopolies

The Institute for Trade Research holds that the recent international decline of share values, due mainly to fear of increased wages, interest, and general production costs, was exaggerated; and further declares that stock-exchange movements have become less reliable indicators of coming business conditions since governments embarked on active trade policies. Despite the recent increase in Germany's imports of raw and half-finished materials, says the same authority, the supply still remains far below the demand of industry.

On October 1st a new company law came into force. The lowest capital for new companies is in future to be Rm. 500,000 instead of Rm. 50,000 as formerly. Existing companies with a capital of less than Rm. 100,000 must reconstruct or dissolve before 1941. The smallest denomination of new shares is to be Rm. 1,000. Executive control is now vested in companies' directors entirely, and the directors will compile balance sheets. The competence of shareholders in their periodical meetings is further restricted. They will continue to elect a council of supervision with only formal functions; but they may not discuss any profit other than that which the directorate reports, or reduce the sums written off or allocated to reserve. In principle this law follows the "Führer" theory.

Prussia's Mining Law has been amended in order to co-ordinate it with the Reich law, recently adapted to the purposes of the Four Years' Plan. Where not otherwise prescribed by law or ordinance, prospecting for and the working of coal, salt, potash and some other salts, lignite in certain provinces, and iron ore in certain districts, becomes a State monopoly.

In the last week of September the Reichsbank's credits and investments rose by Rm. 850 millions compared with an increase of Rm. 645 millions in the same week of 1936; but as deposits rose by Rm. 186 millions, compared with only Rm. 11 millions a year ago, business must have more than liberally provided for immediate needs. The note circulation increased by Rm. 588 millions, and has risen in twelve months from Rm. 6,651 millions to Rm. 7,265 millions.

Holland

The Franc, Wall Street and Amsterdam

AMSTERDAM, September 23.—The latest developments in Amsterdam in the foreign exchange market and on the Stock Exchange are noteworthy. The continued fall in the rate of the French franc was watched with some anxiety.

Although some Dutch concerns have incurred losses because of this fresh fall in the French franc and further exchange losses will have to be booked, generally speaking the fall in the French franc rate is not sufficiently important in Dutch business to influence economic conditions in Holland—unless, of course, the fall of the franc leads to other collapses in the foreign exchange market.

The Amsterdam Stock Exchange was also subject to the influence of unrest in the foreign exchange market, while the international situation and the weak tendency of Wall Street did not fail to have their effect. At first Amsterdam resisted well, and the price of local securities was maintained, but eventually a marked fall in these quotations set in. And subsequently there was a veritable collapse. This decline is all the more strange as the internal economic situation has not given the least occasion for it. Revival is in full swing and there are no indications of an approaching reversal of the trend. It follows that the causes of the weak tendency of the Amsterdam Stock Exchange have to be sought exclusively abroad.

The Amsterdam bond market, on the other hand, remained steady. The Government has come forward with its schemes for conversions. In the first place it began the conversion of all 4 per cent. Dutch Indies loans to a total value of Fls. 912 millions. The new loan was of the 3 per cent. interest type and was issued at 96 $\frac{1}{2}$ per cent. with a currency of 37 years. In view of the tendency of the Stock Exchange and prevailing international political disturbances, the issue was not suitably timed. This must be accepted as one of the reasons why the loan was not a success. At any rate the Government has proved through this loan that it is unwilling to try the experiment of a loan with a graduated or variable rate of interest. Two new municipal 3 $\frac{1}{2}$ per cent. loans have been announced; the municipality of Amsterdam is issuing Fls. 44.64 millions of 3 $\frac{1}{2}$ per cent. bonds at par; and Rotterdam Fls. 93 millions of 3 $\frac{1}{2}$ per cent. bonds at 99 $\frac{1}{2}$ per cent.

Improved Revenue and Trade

The yield of State revenue in the month of August was not maintained at the high level of July. In July the yield was Fls. 43,717,162 but there followed a reaction to Fls. 37,120,075 in August. Nevertheless, developments last month were still favourable. Compared with last August there was an increase of Fls. 5,655,939, while the estimate was exceeded by Fls. 5,976,325. For the first eight months of this year the increase, compared with the corresponding period of last year, was Fls. 54,360,108; and the yield has been Fls. 40,802,636 more than the estimate.

As in all recent months the figures of foreign trade in August make a favourable impression. In both imports and exports the increase in volume and value again considerable. Imports during August, however, compared with those of the preceding month, fell sharply both in volume and value. On the other hand, the recession in exports was on a much smaller scale. There has been an increase in the value of imports from 82 million guilders in August, 1936, to 123 million guilders in August, 1937; but it has receded from 146 million guilders in July of this year.

The three trade unions, the Roman Catholic, the Modern and the Christian, shortly after the new Cabinet took office, presented a number of requests to the Government in connection with the care of the unemployed. The Minister of Social Affairs was of the opinion that these requests could not be granted, but he has held out the prospect of a different kind of concession, i.e. an extra allowance for the large unemployed families, who suffered most during the depression and are hardest hit by the rising cost of living. There is still much discussion about the cost of living. Many people are of the opinion that, since the cost of living is largely governed by the price of foodstuffs, a reduction of the Government's crisis taxation of agricultural products is imperative.

Switzerland

Growing Trade with British Empire

GENEVA, September 22.—During the first eight months of the year, Swiss imports were valued at 1,205,301,491 francs, compared with 725,256,198 francs in the same period of 1936, and exports at 794,211,789 francs, compared with 530,729,924 francs in the first eight months of the previous year. The monthly average of exports, which was 66,341,240 francs in the first eight months of 1936, reached 99,251,473 francs this year—a figure not recorded since 1931, when the monthly average was 112,399,000 francs. Foreign trade is thus rapidly recovering, and it is with countries such as the British Empire that commercial exchanges have shown the most encouraging results. This tendency can be noticed in both directions, and though—for the British Empire as a whole—the balance of trade with Switzerland remains much the same as in 1936, the volume of trade has greatly increased, even allowing for the devaluation of Swiss currency.

During the first half of the year imports from the British Empire reached a value of 91.9 million francs, compared with 59.1 million francs in 1936; and exports were valued at 93.2 million francs, compared with 60.8 million francs in the first half of the previous year. Trade with the various countries of the Empire was as follows (in millions of francs):—

	Imports in the first half of the year		Exports in the first half of the year	
	1936	1937	1936	1937
Great Britain	33.6	59.2	41.9	65.2
India	6.4	10.8	6.4	9.3
Canada	12.0	9.3	3.0	5.8
Australia	4.4	8.4	4.4	4.9
Straits Settlements	1.1	2.4	1.1	1.8
South Africa	1.2	1.1	2.9	4.8
Palestine	0.4	0.7	1.1	1.4

There has been a rise in Swiss exports to all these countries, while Swiss purchases from Great Britain, India, Australia, the Straits Settlements and Palestine have increased.

During the first half-year of 1937 Great Britain has found in Switzerland a greater outlet than in the past. Swiss purchases of English skins have risen in value from 1.7 million francs in 1936 to 4.2 million francs in 1937; the value of those of cotton thread has increased from 2.7 million francs to 6.7 million francs; those of cotton fabrics from 3.6 million francs to 6.6 million francs; and those of coal from 2.7 million francs to 4.8 million francs. During the same period, imports of British motor vehicles and bicycles were valued at 1.5 million francs, compared with 1.1 million francs the previous year. Switzerland, on the other hand, has found a more ready market in Great Britain for watches, machinery, tools, aluminium, dyes, silk fabrics and shoes.

Influx of French Capital

For the first time since 1931 the surplus of imports in Swiss foreign trade is likely to be made good by invisible exports, among which banking and tourism are most important. Although general financial fluctuations have influenced the Swiss Bourses, business is good and money very abundant, mainly owing to the increased influx of foreign capital. Important funds have been deposited during recent months in Swiss banks—mainly from France. One bank in Geneva, since the beginning of June, has opened 1,500 new accounts, mostly to French clients.

The consequence is that money is cheap, and loans recently placed on the market were issued at an interest ranging from 3 $\frac{1}{2}$ to 3 $\frac{3}{4}$ per cent. Up to the end of July the total value of Swiss Government and industrial loans reached 501 million francs—compared with 228 million francs in 1936—mainly for conversion purposes. Foreign loans placed in Switzerland totalled 57 million francs. The year before there were none.

The number of visitors to Swiss hotels reached the total of 1,358,000 at the end of June, compared with 1,151,348 during the corresponding period of 1936.

Italy

Revival in Industrial Employment

TURIN, September 25.—Industrial activity is rapidly increasing. The industrial North is the chief beneficiary. The general index of employment (1929 = 100), which went down to 79.41 in 1933 and 82.99 in 1934, increasing to 93.95 and 94.90 in 1935 and 1936, was in March last 100.67 and in April 104.01. The index of number of hours worked, after touching bottom in 1933 with 75.11, increased steadily from 77.80 in 1934 to 81 in 1935, 80.99 in 1936 and 91.40 in April, 1937. As employment in industry increases, employment in public works and land reclamation is reduced: the average number of hands daily occupied decreased from 261,960 in 1935 to 241,805 in 1936. In June, 1937, the total was 217,315, against 263,551 in the corresponding month of 1936. Activity is also decreasing in the building industry: 102,691 new rooms were authorised in 1933, 173,866 in 1934, 177,860 in 1935, 91,681 in 1936 and 49,188 in the first six months of 1937.

The Changing Balance of Foreign Trade

The figures of international trade are being keenly discussed in circles concerned with economic prospects in this country. At first sight the deficit in the balance of trade seems to be increasing. Excluding trade with the colonies in 1936 and 1937, the figures for the first six months of recent years are as follows:—

First six months	(In million lire)		Imports less exports	Exports as percentage of imports
	Imports	Exports		
1929	11,937	7,599	- 4,378	63.4
1933	3,937	3,131	- 806	78.0
1934	4,079	2,635	- 1,444	64.5
1935	3,803	2,422	- 1,381	64.0
1936	2,786	1,254	- 1,532	45.3
1937	6,935	3,776	- 3,159	54.4
1937*	4,092	2,228	- 1,864	54.4

* After making allowance for devaluation.

After the slump of the sanctions year imports and exports have more than recovered the lost ground. As, in the meantime, the lira was devalued by 41 per cent., adjusted figures are given, and the resulting deficit of 1,864 million lire is then comparable with the previous deficits.

As foreign travellers have arrived this summer in unprecedented numbers, the commercial deficit is expected to be easily compensated by the excess of invisible items. The returns of the 23 clearings now in operation give the following totals:—

Date	(In million lire)		To the credit of foreign countries
	To the credit of Italy	To the credit of foreign countries	
February 26, 1937	219.3	81.1	
July 30, 1937	201.5	172.8	

The figures for the Anglo-Italian clearing, at the above dates, showed credits in the favour of Italy of 36.6 and 40.8 million lire respectively. But the real problem is not the balancing of international payments but their level. Imports and exports both remain near the lowest level of the post-War period. This seems to be the inevitable fruit of bilateral balanced agreements, monetary clearing

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and all the paraphernalia of modern protectionism. The table below compares Italian trade with her main customers in the first six months of 1936 and 1937:—

	(In million lire)			
	Imports		Exports	
	1936	1937	1936	1937
Germany	765	1,173	195	731
Argentina	100	747	63	150
U.S.A.	393	745	192	393
Austria	191	328	95	132
Hungary	113	286	56	99
France	66	241	14	245
Roumania	96	226	1	26
British India	47	222	0	51
Great Britain	30	195	3	308

Clearly, the alignment of the lira has given, quite apart from the abolition of sanctions, a fillip to exports; but the favourable effects of it are progressively vanishing in the face of the increasing cost of imports.

Recovery and the State Monopolies

The report on the State railways for the fiscal year 1935-36 gives some interesting figures concerning the financial results of the coal and metal trades monopolies, both of which are administered by the State railways. They received 240.5 million lire from direct coal sales, 16.6 millions freights reimbursement, 0.9 million miscellaneous revenue, and 23.0 millions monopoly dues from private merchants on their direct purchases, giving a total revenue of 281 million lire. The expenditure was 175.2 millions purchase price, 52.9 millions freight, insurance, etc., 1.4 millions general expenses, or 229.7 millions in all. The net profit was thus 51.3 million lire, and of this 10 millions went to reserves and 41.6 millions were paid into the State railways exchequer towards extraordinary capital expenditure. In the same fiscal year the State railways obtained a profit of 24 million lire from the metals monopoly, of which 13.8 millions went to reserve and 10.1 millions were paid to the State Railway exchequer. The railways' opinion is that these huge profits were obtained without increasing the prices which would have been otherwise paid by customers, but the truth of this suggestion is very difficult to decide since prices have changed a great deal since the monopolies were established.

Finland

Budget Prospects

HELSINGFORS, September 24.—The present favourable economic situation is reflected in the State finances. Revenue is more abundant than formerly and it is possible to increase expenditure. The Government's Budget estimates for 1938 were submitted to the Diet at the beginning of September. The principal figures were as follows (in millions of marks):—

	Budget for 1937	Budget Estimates for 1938
Current revenue	3,716.8	4,107.4
Capital revenue	966.9	304.6
Total	4,683.7	4,412.0
Current expenditure	2,912.2	3,137.3
Capital expenditure	1,768.2	1,273.6
Total	4,680.4	4,410.9
Surplus of revenue over expenditure ...	3.3	1.1

Letters to the Editor

"The Under Privileged"

TO THE EDITOR OF THE ECONOMIST

SIR,—In a letter which you published on September 25th, Mr Bruyne says a vicious circle seems to be inherent in our economic system: raising wages increases costs; increased costs mean higher prices; and higher prices nullify the effect of the rise in wages. Therefore, any considerable amelioration of the workers' position is impossible.

The current revenue is expected to increase by 390 million marks owing to the larger yield provided by customs duties, income and property taxes and the business undertakings of the State. The increase would have been still larger if some relief from taxation had not been proposed. Expenditure is to be increased by 225 million marks. The increase is due to larger grants, partly made necessary by higher prices, for cultural and social objects, for agriculture and defence, etc., while the expenditure on the service of the National Debt has been reduced. The decrease in capital revenue and expenditure is partly due to methods of accounting. The surplus of revenue is estimated at 201.1 million marks, but of this sum 200 millions are to be transferred to the Budget Equalisation Fund, i.e. they are to be set aside against bad years.

Record Foreign Trade

During the last few months foreign trade has attained record proportions.

	(Millions of marks)					
	Imports		Exports		Surplus of Exports	
	July	August	July	August	July	August
1935	487.1	457.3	712.5	723.3	225.4	266.0
1936	566.5	527.5	820.7	761.5	254.2	234.0
1937	872.7	840.4	1,132.4	1,053.4	259.7	213.0

The increased value of foreign trade is partly due to the general advance in prices which has raised the average price of imported and exported commodities by 18-19 per cent. since last year. But the volume of trade has also grown, in the case of exports by 5 per cent. and in the case of imports by 28 per cent.

The balance of trade for July and August was satisfactory. As, however, the early part of the year recorded a considerable excess of imports, the balance of trade for the whole year is not likely to prove as favourable as in recent years, when the surplus of exports varied either slightly below or above 1,000 million marks. At all events a small surplus of exports is expected for the current year.

The Money Market

The state of the Finnish money market is still very easy, in spite of general economic activity. The accumulation of capital in the joint stock banks, savings banks and funds is larger than it has been for many years. In July and August the increase was 260.5 million marks compared with only 66.8 millions during the same months last year. In the whole period from January to August this year the increase was 1,583.2 million marks compared with 663.6 millions last year and only 248.0 millions in 1935. The credits granted by the joint stock banks, which had been steadily falling since 1929, increased this year by 893.7 millions between January and August. In spite of this increase the surplus of deposits in the joint stock banks rose to 1,511.9 million marks at the end of August, compared with 1,022.5 millions a year ago and 486.3 millions two years ago.

A number of business undertakings have taken advantage of the easy money market to issue bond loans and to increase their share capital. The two biggest banks and some of the large industrial concerns have led the way. In some cases accumulated profits have been drawn in the form of bonus shares.

share may be raised by a general refusal of wage-earners to work below a certain rate of wages, or lowered by a general refusal of employers to produce below a certain rate of profit or dividend. Either of these refusals may result in unemployment and decline of production and earnings, but does not necessarily do so. From this point of view, wages are no more costs than profits and dividends are costs.

A rise in prices, unless it results from scarcity, does not as a rule reduce real wages if wage-earners get the same share as before of the earnings of industry. The only inevitable losers are owners of claims to fixed sums of money. A fall in prices brings disaster to all except these owners of claims, who benefit, but even they lose in the long run if the fall is continued long enough.

The lot of the workers (producers of services) has been bettered in the past by greater productivity and an increasing share in the earnings of industry. They have suffered (chiefly through unemployment) along with producers of goods from the failure of the controllers of money to enlarge its volume with every increase in production, and sometimes from actual contraction of the volume. If money is properly controlled in the national interest (and much more if it is so controlled in each country), if the governments see to it that the general rate of wages is such as to give producers of services a fair share of the total product, and if peace is preserved, there seems no reason why the improvement should not continue, and at a more uniform rate than hitherto; especially as, with increasing wealth and savings, the share of those who hand over or lend their money to industry is likely to be reduced by a low standard dividend and rate of interest, and that of the workers correspondingly increased.

Yours faithfully,

R. GRANT BROWN.

Hotel de Russie,
Monte Carlo.

TO THE EDITOR OF THE ECONOMIST

SIR,—The letter in your issue of last week from Mr C. V. Bruyne on the inability of our present economic system to throw off sufficient purchasing power to increase the standard of living of the masses is a matter of vital interest to those who still have faith in democracy. In my opinion the problem is entirely one of maintaining a balance between savings and investment. In the latter half of the nineteenth century, British capitalism enjoyed an expanding market. The volume of savings was barely adequate to provide the new capital goods needed for a rapidly growing population at home and for the development of Empire and South American countries abroad. Low wages and long working hours in British industry enabled this small island to accumulate capital wealth abroad aggregating some £4,000,000,000. The industrial revolution under democratic capitalism rapidly turned a world scarcity economy into one of material abundance.

To-day we live in a very different world. Economic crises are no longer due to the failure of crops but to glutted markets resulting from efficiency to produce. The volume of capital savings is already in excess of demand due to the cessation of international lending and inadequate outlets in domestic markets. Idle capital savings create a serious economic disequilibrium by reducing employment, wages and purchasing power. Declining Western populations must inevitably accentuate this disequilibrium. Democratic capitalism is unworkable in a contracting market. It can be kept going for a time by such palliatives as currency depreciation and unbalanced national budgets, but not indefinitely.

Is there no solution other than Fascist or Communist regimentation?

Yours faithfully,

DUDLEY WINDEL.

Liverpool.

Education and a Career

TO THE EDITOR OF THE ECONOMIST

SIR,—I should like to offer you my congratulations on giving space to a topic—the employment of University graduates—which is not given the attention it warrants. The part of your article which seemed to me the crux of the matter was that dealing with the question of *misfits* or *misemployment*.

More and more people go to the Universities each year. They do so because there is a general desire among parents to give their children a first-class education, and the State makes it financially possible. Yet, in a very large number

of cases, they find they would have done no worse, and probably better, to have gone straight from school to office, or to have learned some trade. Too often the jobs they do get do not make full use of their character, knowledge and talents and, worse still, are not jobs from which they can learn anything to make progress.

The State is not making the fullest use of the material at its disposal. A large amount of the community's money is being spent on training people who could be of great benefit to the community but are often allowed to rot. There is need for some method of placing the human product which the State has gone to expense to produce in a sphere where it will be of the fullest service.

The problem is large and difficult, and the work to be done appears to me to fall into three parts. Whatever body was charged with it would need to keep a watchful eye on the progress of individuals through their University courses, as well as on the general direction of University education. It would need to familiarise employers with the manner in which they could make use of the University graduate; and act as a clearing house for the placing of graduates.

The Appointments Boards of Universities do admirably what they can, but are neither equipped nor qualified to do this work. Nor, indeed, is it the work of a University. It is a task for the Ministry of Labour, who already do similar work for secondary school pupils. There is no reason why this should not be extended to University graduates for the good of the individual and the community at large.

Yours faithfully,

GRADUATE.

London.

Woolcombing

TO THE EDITOR OF THE ECONOMIST

SIR,—The author of the second article on Woolcombing may be correct in saying that the Association has nothing to do with prices. It is, however, composed mainly of commission combers, topmaker-combers, and spinner-combers; and the commission combers, through their own Commission Combers' Association, actually fix the prices. It is hardly likely that spinner-combers and topmaker-combers will object to the tariff being on a level that yields



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a profit. To a considerable extent the same individual firms run both Associations.

Have the large reserve funds of the public combing companies been disturbed at all to provide the levies, or to purchase plant for scrapping? Where do the combers get their funds for the service of the debentures, or for eliminating plants? Is it not from their customers, in tariff charges which are widely believed to be a fraction of a penny higher than necessary because of the levy?

Is there any other section of wool textiles operating on a tariff that ensures a profit on 70 per cent. capacity working? Has not the reduction of price-cutting by outside firms in recent years been brought about as much by the improved volume of trade available as by the efforts of the Association? However, your correspondent's statement, in the second paragraph, that "no permanent improvement could be effected so long as capacity was in excess of requirements" is a statement for which he should be given credit. Similarly, your correspondent's claim that woolcombers should be congratulated on having put their house in order without the aid of Parliament or public funds is one which I have always upheld. The problems outlined in the article of September 4th are, however, not at all hypothetical. Even before the recent drop in price of olive oil, one comber admitted to me that his costs had not risen as much as the increase recently made in the tariff.

I should be the last to suggest a return to the old chaos of rate-cutting, though I do not agree it would exterminate commission combing. A sound industry is a national asset. But may there not be more than one way of maintaining it? Is all the redundancy outside the members of the Woolcombers' Mutual Association?

I am, Sir,

THE WRITER OF THE FIRST ARTICLE.

Bradford.

POINTS FROM LETTERS

Food Storage for Defence.—In his article on "Food Storage" Sir Arthur Salter stresses the importance of adequate stocks of sugar. The major refineries are in London and Liverpool and therefore highly vulnerable. The beet factories are vulnerable but in lesser degree. It follows that raw sugar stocks would not be a favourable medium of storage. Refined sugar is a more suitable reserve, stored inland, and of better keeping quality. Stocks are

rather low. The immediate prospect is heavy seasonal imports from the Empire; and a home-grown beet production of about 450,000 tons. The volume of offers from foreign producers is small in relation to the potential needs of Government buying. The longer action is delayed, the less easy will it be to find the necessary raw sugar. The prospect, therefore, of adding materially to the visible supply in this country is dependent upon some adjustment in the quota system.—*P. S. Wilkinson, Manchester.*

The Tripartite Agreement.—In your article on the Tripartite Agreement you state that "France has undoubtedly kept the terms of the Agreement." Is this the case? According to a Bank of France return, the notes in circulation increased by no less than 4,895,303,000 francs between September 25, 1936, and September 23, 1937, without a proportionate increase in trade. The result has been a fall in the exchange, and a steady flow of gold bullion to America.—*D. M. Mason, London.*

Wall Street and Recovery.—I beg to register respectful protest against the ominous deductions drawn from the recent declines in American share values. Even in April, 1936, equities in general were selling at over 20 times their greatly increased earnings per share. It was the expanded price structure which provided the foundation for the subsequent climactic rise of another 18 per cent. between May, 1936, and March, 1937. In all the declines since last spring it is only the greater part of this last super-imposed topmost advance which has been eliminated. The current reaction cannot be assumed to portend imminent economic catastrophe.—*A. Wilfred May, Paris.*

Preparing for the Slump.—When rearmament comes to an end, nothing would so galvanise the steel, building and heavy industries as large-scale plans of railway electrification, and for these to be carried out to the best advantage, an official inquiry should be set on foot without delay. Under a properly designed system the leading cities of the north could all be tapped by some seven or eight hundred miles of electrified line. But, without Government support on a much more generous scale than at present, the matter is likely to hang fire indefinitely. Why should progress in so vital a matter be held up for years, when the railways could be insured against all contingencies by offering them the necessary funds, not at fixed interest, but for a reasonable share, say, a quarter or a fifth, of the extra profits resulting?—*K. H. Johnston, South Norwood.*

Books and Publications

Practical Socialism

SOCIALISTS will follow the stages of Mr Jay's exposition of their case* with some disquiet, but, at the end, much profit. With his opening statement that poverty, inequality and insecurity are evils, to be removed even though their removal may reduce the average real income per head, they will readily concur. But Mr Jay is more than a Socialist. He is an economist with no time for the slogans of loose thinking. He does not, like so many, toy with the theory of surplus value because he is a Socialist. He rejects it because he is an economist.

* "The Socialist Case." By Douglas Jay. Faber and Faber. 362 pages. 12s. 6d.

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Moreover, in his account of the capitalist economy, Mr Jay accepts interest, rent and profit as necessary to its working and no different in kind from wages. His definitions of waiting, saving, capital and interest are orthodox; and he distinguishes between work, waiting and risk-bearing as fundamental and necessary types of economic service. His exemplars are Professor Knight and, despite a suave philosophic skirmish, Professor Robbins. Karl Marx and John Strachey are anathema. So far, Mr Jay's friends will be vastly alarmed. Are they to be delivered, bound hand and foot, into the hands of the enemy? They need not fear. Mr Jay's faith is no less than theirs; and his attack on things as they are is the more effective for the patience with which he holds his fire. His argument ends where it started. The gravamen of his charge against capitalist society is poverty. A society and a system must be judged by their results; and the results must be tested by the twin criteria of equality and security.

The society he so honestly and fairly expounds fails lamentably to pass these tests. Chapter IV of Mr Jay's book is a useful and disturbing account of the distribution of incomes and property in Great Britain. As an economist he may explain the necessity for each part of the system; but as a Socialist he is appalled by its consequences.

What can be done about it? Mr Jay is scrupulously careful to observe Sir Philip Sidney's admonition not to confuse the abuse of a system with its proper use. In a long and learned section he shows how much of the malaise of capitalist society is due to monetary

instability, much of which might be cured without recourse to Socialist devices. But at the end his indictment is clear: the institutional framework of capitalism is productive of gross inequalities in income and security of livelihood; about nine out of ten income-receivers or families have a working-class income below £5 a week, and 12 millions out of 17.6 millions receive an income barely above subsistence level. "The case for Socialism is mainly economic and it rests on fact."

The chief causes of these inequalities are "the arbitrary effects of free exchange, the peculiar character of unearned incomes, and the profoundly anti-social consequences of the institution of inheritance." The price system is unexceptionable in principle, and would indeed be necessary in any economy. But in capitalist society its working is gravely and unfairly distorted by unequal power to demand. Mr Jay has no compunction in importing value-judgments into his economics. The present system is *wrong*; and we must evolve a policy to set it right.

In 134 pages Mr Jay describes that policy. Its object is redistribution, and its method taxation. Still moderate, he rejects confiscation; he retains much private property and compensation rights, as he would preserve the *entrepreneur*. Through death duties and income tax the control of the instruments of production will be transferred to the State. At every stage, Mr Jay debates the consequences of his programme; he is wary of State monopolies and inclined to compromise with public corporations. The burden of his argument is still honesty and moderation. It is concrete and practical and free from doctrinaire presumptions.

Few people will receive Mr Jay's book with the considerable favour it probably deserves. The *intelligentsia* of the extreme Left Wing will assail it furiously for a denial of Socialist fundamentals. The economists will curl a lip and indict the author at one and the same time for saying too much and too little on technical matters. The "intelligent man," used to less precise guidance, will find many of the economic arguments difficult.

None the less, the book is well worth the labour it clearly cost to write, and should be read. Mr Jay writes brilliantly and with sincerity. Behind the not always well-proportioned structure of this book there is a philosopher of worth, an economist of great talent, and an enthusiast for social reform. Purists, perhaps, may doubt Mr Jay's Socialism and dub him rather an enlightened democrat; but none will dispute his concern for the state of the poor and his hatred alike of complacency, academic escapes and easy ineffective shibboleths.

Shorter Notices

"The Dairy Industry in Canada." Edited by H. A. Innis. Toronto: The Ryerson Press. New Haven: Yale University Press. London: Humphrey Milford. 299 pages. 17s.

To many English people the wheat lands of the prairie provinces and the recurrent problem of drought are the outstanding features of Canadian agriculture. This substantial volume comes as a reminder that Canada possesses an important dairying industry with problems of its own. Such a work as this must of need have a specialised appeal; but for those who wish to study this aspect of Dominion economy it should prove indispensable.

"Political Behaviour. Studies in Election Statistics." Stockholm Economic Studies. By Herbert Tingsten (London) P. S. King. 231 pages. 9s.

Many contemporary political doctrines are based on assumptions about the relation between political behaviour and social status. Accordingly, Professor Tingsten's careful analysis of European election statistics is likely to be invaluable to students of politics. He sets out to discover how different people vote and why they vote. His conclusions are that women vote less and more conservatively than men; that young people vote less and more radically than the middle-aged; and that political organisation and solidarity are strongest among the well-to-do. Professor Tingsten, with this study, has embarked upon researches of the greatest importance, and is clearly capable of doing the job properly.

Books Received

Political Economy and Capitalism. By Maurice Dobb. (London) Routledge. 360 pages. 10s. 6d.

Currency Reform. A Plea for a Universal Currency. By J. T. Nicoll. (Forfar) W. Shepherd, 39 Castle Street. 19 pages. 3d. net.

Inglaterra, el Anuario de la Gran Bretaña, 1937-8. (London) Trade and Travel Publications, Ltd., 14 Leadenhall Street, E.C.3. 277 pages. 2s. 6d. net.

The Insurance Blue Book and Guide for 1937. (London) Ritchie and Darling, 11 Queen Victoria Street, E.C.4. 500 pages. 10s. 6d. net.

Wages and Labour Conditions in British Engineering. By M. L. Yates. (London) Macdonald and Evans. 172 pages. 6s.

Year-Book of Labour Statistics, 1937. International Labour Office, 12 Victoria Street, S.W.1. 237 pages. Paper cover 6s. net. Cloth, 7s. 6d. net.

China's Postal and Other Communications Services. By Dr Chu Chia-Hua. (London) Kegan, Trench, Trubner and Company, Ltd. 259 pages. 10s. 6d. net.

Finanzierungen. By E. Schmalenbach. (Leipzig) G. A. Gloeckner, Verlag. 373 pages. No price stated.

Tokyo, 1937. (Tokyo) Tokyo Municipal Office. 138 pages. No price stated.

Can India Export Sugar? By M. P. Gandhi. (Calcutta) Gandhi and Company, Publishers, 14/2 Old China Bazar Street 14, 64 pages. As. -4/-.

Official Publications

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

Report by the Government Actuary on the Fourth Valuation of the Assets and Liabilities of Approved Societies. Cmd. 5496. 2s. net.

Nineteenth Annual Report of the Minister of Pensions, April 1, 1935, to March 31, 1936—Part II. Survey of War Pensions from 1916. 9d. net.

Imperial Economic Committee: Fruit Supplies, 1936. 2s. 6d. net. *Produce Supplies, 1936.* 2s. 6d. net. *Supplies of Canned and Dried Fruit, 1936.* 2s. 6d. net.

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MONEY AND BANKING

The Franc in 1926 and 1937

At the end of last week sterling rose to over Frs. 150 to the pound. After allowing for the depreciation of sterling in terms of gold, this represents a rate of Frs. 246.74 to the gold sovereign. The previous high record was Frs. 244 to the pound, touched at the end of June, 1926, when the pound was still at par with gold. Thus, measured in gold, the franc has now touched a new level of depreciation. Since 1926, of course, most of the world's currencies have been written down in terms of gold. But this new record serves to suggest a comparison between the landslide of the franc between 1922 and 1926 and its slide of 1936 and 1937. How far are the causes and consequences the same, and wherein do they differ? More important, does the stabilisation in 1926-28 suggest any precedent for to-day?

Fundamentally, the causes of the franc's difficulties are the same to-day as they were twelve or fifteen years ago. France cannot balance her Budget or meet the current needs of the Treasury without resort to borrowing from the Banque de France; and the resulting inflation is destroying faith in the currency and driving capital abroad. Then, as now, matters are moving in a vicious circle. The Treasury cannot make both ends meet unless it can persuade the French investor to lend. Industry cannot prosper and develop unless it can draw on the French capital which is lying abroad. On the other hand, capital will not return until its owners are convinced that inflation has been stopped, and that the French economy has been restored to a sound condition.

There are obvious similarities in the consequences of the depreciation of the early 'twenties and the present day. On both occasions there was a rise in the internal price-level. Between 1922 and 1926 French wholesale prices increased by 115 per cent.; between 1935 and the present day they have risen by 78 per cent. The earlier rise was the greater and world prices were then stationary, while since 1935 they have on the whole been rising. On the other hand, the earlier rise was spread over four to five years; the later rise only over two.

We may next examine the points of divergence between the two periods. Externally France's figures of visible trade were approximately in balance between 1922 and 1926, whereas at present there is definitely a surplus of imports:—

	Imports	Exports	Balance
	(Monthly averages; millions of francs)		
1922	2,022	1,781	— 241
1923	2,738	2,572	— 166
1924	3,346	3,531	+ 185
1925	3,712	3,887	+ 175
1926	4,967	4,937	— 30
1935	1,745	1,289	— 456
1936	2,117	1,288	— 829
1937 March	3,227	1,837	— 1,390
June	3,707	1,997	— 1,710
July	3,700	1,872	— 1,328
Aug.	3,158	1,861	— 1,297

During each period the depreciation of the franc was reflected in an increase in imports, but in the earlier years French export trade was able, roughly, to keep step with it. Since 1935 it has been unable to do so. Various explanations can here be advanced. The first has been France's need for raw materials for her re-armament industries. Another has been the growth of trade barriers abroad, which prevents French exporters from taking advantage of the depreciation of the franc. A final reason has been the rise in French production costs since June, 1936, which again neutralises for French exporters the depreciation of the exchange.

So far as exchange rates themselves are concerned, in 1922-26 the franc was riding free. The gold standard was suspended, there was no Exchange Fund and no attempt to peg the franc or smooth out fluctuations. The only means of support were occasional foreign credits, granted in return for successive attempts to balance the Budget. At times, indeed, wide exchange fluctuations were almost welcomed—witness the historic bear squeeze by the French Government in March, 1923, which brought sterling down from Frs. 120 to Frs. 67 to the pound. At other times the franc was simply allowed to drift.

To-day there is an attempt at control, and also some vestiges of a relation between the franc and gold. There are no spectacular bear raids, but instead a series of more or less unsuccessful attempts is made to maintain a pegged rate. The difficulties are, first, that the resources of the French Exchange Fund must now be exhausted, and, secondly, that foreign centres are more reluctant now than fourteen years ago to grant credits. On the other hand, even if the Exchange Fund has to abandon any attempt at control, the franc will only be riding free as it was in 1922-26.

The internal situation may now be considered. In the earlier period one of the main weaknesses in the French Budget was the cost of reconstructing the devastated areas and the inability of recovering the cost from Germany. This was not a permanent burden upon the Budget. Indeed, an almost complete Budget balance and currency stabilisation came together in 1926-28 soon after this work was finished. To-day there is another burden on the Budget—re-armament—which it is hoped has a similarly temporary character. This accounts for much of the gap which M. Bonnet has so far left unfilled. For the rest, the national finances during both periods were suffering from the effects of inflation and lack of confidence; and during the more recent period from the effects of the previous deflation.

There is, however, one very important distinction. By 1926 there was a general will towards sound finance. The revelation, in March, 1925, that the statutory limits, both of Government borrowing at the Banque de France and of the fiduciary note issue, had been surreptitiously exceeded, caused an immediate feeling of revulsion which brought down the Government of the day. The average Frenchman then had the outlook of the *rentier* and was prepared for any sacrifices to restore the soundness of his currency. It is doubtful if he looks at the matter in quite the same way to-day. In the meantime, he has experienced the full rigours of deflation and a rigid adherence to gold, and for the past fifteen months he has had the fruits, both sweet and bitter, of M. Blum's social legislation. To-day he probably looks at the world more through the eyes of the worker than of the *rentier*.

To appreciate the possible consequences of this change, it may be apposite to recall the steps taken in 1926. In May, a Commission of Experts recommended that:—

- (1) The Budget must at all costs be balanced:—
 - (a) By drastic reduction in expenditure.
 - (b) By making revenue more elastic.

(2) The Banque de France must be made independent of the Government, and must be in a position to resist fresh demands from the Government for loans.

(3) Steps must be taken to fund short-term debt and to provide for maturities.

(4) Steps must be taken to stabilise the franc at home and abroad.

The last recommendation was to be carried out in three stages. During the first the franc was to be got under control. Then there was to be a period of *de facto* stabilisation, followed in due course by *de jure* stabilisation.

Two months later a Government of the Right took power under M. Poincaré, and these recommendations were duly carried out. *De facto* stabilisation began early in 1927 at Frs. 125 to the pound, and was followed by *de jure* stabilisation in 1928. By this time confidence was restored, and capital began to return from abroad. From being the weakest, the franc became one of the strongest of the European currencies.

Can a similar programme be followed to-day, by a Government of the Left? The first part of the earlier policy has already been followed in part. The independence of the Banque de France would, however, to-day imply a direct reversal of Government policy, and the most that could now be expected would probably be a limitation and regulation of Government borrowing, in fact as well as in intention. The third proposal to deal with outstanding debt depends entirely on the restoration of confidence. Obviously, to the extent that the first three points in the 1926 programme are found practicable, the fourth will be found possible.

Thus, comparison of the present day with the early 'twenties is inconclusive. Yet, the problem appeared no less difficult then than now—and France emerged triumphantly. Provided that her Government follows the principle, enunciated in the Cabinet decisions last Saturday (on which we comment in a Note on page 60) of day (on which we comment in a Note on page 60) of day (*reculer pour mieux sauter*), and is prepared to modify her social objectives in the light of current economic necessities, she will equally triumph to-day.

Financial Notes

Renewed Gold Hoarding.—During the four weeks to September 30th, gold bullion imports into England amounted to £14.4 millions, of which £6.5 millions came from South Africa and £3.9 millions from Russia. Exports amounted to £21.0 millions. £3.0 millions of this went to South America, and presumably represented the repatriation of Argentina's gold, referred to in *The Economist* of September 4th. £16.9 millions was shipped to the United States. The amount dealt in at the daily fixing in the London bullion market during the same period was approximately £9.0 millions, so that a fair amount of the gold passing through the country is being handled elsewhere. During practically all September the London price of gold was practically at par with the American shipping price, only varying from time to time between $\frac{1}{4}$ d. discount and premium. There was thus no abnormal pressure on the gold market. Since September 30th conditions have changed, for the amount of gold dealt in each day has greatly increased, while the London price has moved to a higher premium on the American shipping price. This is illustrated in the following table:—

	London Price	Premium	Volume of Dealings
	s. d.	d.	£
Sept. 13-18	140 4*	Par	316,000†
Sept. 20-25	140 4½*	½	375,000†
Sept. 30	140 7½	1½	637,000
Oct. 1	140 7½	2	1,070,000
Oct. 2	140 6	2½	716,000
Oct. 4	140 6½	3	680,000
Oct. 5	140 8	3	1,019,000
Oct. 6	140 7½	2½	487,000
Oct. 7	140 6½	2½	230,000

* Weekly average. † Daily average.

It is clear that a new and abnormal demand has sprung up, which can only be ascribed to French hoarding. The gold scare has now completely subsided, and in view of the weakness on international stock markets it is not surprising that the funds now flowing out of France are seeking refuge in gold. This new demand for gold is being met probably from official sources, as it is far in excess of normal imports into the country.

The Foreign Exchanges.—The market has been quieter this week. For the moment a further depreciation of the franc is not expected, and so there has been a disposition to avoid opening new positions and instead to cover outstanding commitments and to take a profit. Spot francs have therefore been held at Frs. 150½, and the discount on three months' francs has narrowed since September 30th from Frs. 9½ to Frs. 7½. Dollars, though subject to numerous cross-currents, have been steady at about \$11.95½. It is possible that the various Controls are holding the pound-dollar rate steady, so as to maintain at least one side of the pound-dollar-franc triangle during the present French crisis. On the whole dollars have been offered in most Continental centres, though to a less extent in London. The New York-Amsterdam cross-rate is unchanged at Fl. 1.80½, but the Swiss authorities reduced their buying rate for dollars to Frs. 4.34½ early this week. This reduction, however, proved excessive, and the rate has since come back to Frs. 4.3445-4.3450, with sterling rising in sympathy from Frs. 21.53½ to Frs. 21.53. Belgas have again been weak. The New York-Brussels cross-rate has been at the gold export point, and gold has gone to London and New York. Forward belgas have moved to wider discounts.

The Money Market.—Money has remained very easy, but there has been a fair afternoon demand for loans. The banks are not yet buying January Treasury bills, while the market is not anxious to sell December maturities. The result is that the market is now carrying more bills than usual, and so is more in need of money. Nevertheless there were occasional reports that outside bond-money was obtainable at $\frac{1}{2}$ per cent.

	Sept. 16, 1937	Sept. 23, 1937	Sept. 30, 1937	Oct. 7, 1937
Bank rate	2%	2%	2%	2%
Clearing banks' deposit rate	½	½	½	½
Short loan rate:—				
Clearing banks	½-1*	½-1*	½-1*	½-1*
Others	½-1	½-1	½-1	½-1
Discount rates:—				
Treasury bills	½	½	½	½
Three months' bank bills	½-½	½-½	½-½	½-½

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

The easy trend of money is illustrated by the fact that three months' bank bills are quoted at little better than $\frac{1}{2}$ per cent., although they are now January maturities. In some cases offers to buy bills at $\frac{1}{16}$ per cent. have not been accepted.

The Bank Return.—Currency requirements at the end of the quarter probably explain this week's increase in the note circulation.

	BANK OF ENGLAND				
	Oct. 7, 1936	Sept. 15, 1937	Sept. 22, 1937	Sept. 29, 1937	Oct. 6, 1937
Issue Department:—	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Gold	248.7	326.4	326.4	326.4	326.4
Note circulation	450.8	488.1	486.0	488.5	491.8
Banking Department:—					
Reserve	58.9	39.9	42.1	39.6	36.3
Public deposits	24.8	12.5	15.7	21.8	18.0
Bankers' deposits	84.2	108.4	105.6	95.1	102.1
Other deposits	40.9	36.1	36.2	37.2	36.8
Government securities	79.8	109.1	106.9	105.8	106.5
Discounts and advances	9.3	5.0	5.2	6.2	10.8
Other securities	19.6	21.2	21.6	20.8	20.9
Proportion	39.3%	25.4%	26.7%	25.6%	23.1%

In the banking department Treasury bill maturities at the end of last week explain the transfer of £3.8 millions from public to bankers' deposits. This reverses the movement of the previous week. Discounts and advances have risen by £4.6 millions. The result of these two movements is an increase of £7.0 millions in bankers' deposits, which has occurred in spite of the expansion in the note circulation.

THE STOCK EXCHANGE

Wall Street and the Speculator

Wall Street's further break—leading stocks fell last Wednesday by as much as \$6 in a single session—has intensified the complaints of some market commentators that the regulations of the Securities and Exchange Commission have produced "thin," and therefore vulnerable, markets. In the following article, a Wall Street correspondent discusses this question, in the light of events during the past few weeks.

HAS Government regulation of security transactions impaired the functioning of the American security market? The predominant opinion in Wall Street may be summarised in the recent statement of the President of the New York Stock Exchange: "I am fearful that, in an effort to cure what might be termed sporadic evils, undue restraints are being placed upon normal, proper action, thus creating abnormal market conditions. Evidence accumulates that the quality of the market has been seriously affected." But this is merely the legitimate expression of a point of view, and so far neither side in the controversy has produced conclusive evidence.

The one indisputable fact is that the market is "thin" by previous standards. Dealings in large blocks of securities cannot be made with the speed or absence of price effect which formerly ruled. The Stock Exchange has published figures which show, in its own words, that "price advances and declines of equal magnitude are now brought about by relatively smaller volumes of purchases and sales than formerly," but these do not apply conclusively to the whole market. Another statistician has shown that the aggregate value of equities traded has, under regulation, been lower in proportion to the national income than at almost any period in America's financial history. Yet this does not prove that the Securities and Exchange Commission alone is responsible. At least four major factors appear to contribute to the "thinness" of the market.

First, current taxation scales substantially diminish the attractiveness of taxable securities to American nationals in high income brackets. Under the New Deal, profits realised from sale of securities are subject to both normal tax and surtax, while losses can be offset against profits plus a mere \$2,000 of other income. Profits were formerly taxed uniformly at 12½ per cent., or at normal and surtax rates at the option of the taxpayer, and losses could be offset against all income. Surtaxes on individual incomes reach 75 per cent. on amounts in excess of \$5,000,000; hence Wall Street's tag: "The investor gives the tax collector his profits and pays his own losses." Reduced rates operate if the securities have been held more than one year. Some 80 per cent. of the profits from the sale of securities held from one to two years is taxed, and only 30 per cent. of profits on securities held more than ten years. Until this year, individuals of large means operated through so-called personal holding companies, which were subject to the corporation tax rate. But the "loophole plugging" tax Act of this year has largely prevented this practice. The total effect is that such purchases of securities by individuals with large incomes have become more hazardous, and are hardly worth while as short-term holdings. And the recent tax on undistributed corporate income makes many people hesitate to assume long-term commitments in securities, quite apart from normal economic risks. The whole tendency of the tax situation is to force such individuals away from share investment into tax-exempt obligations.

The second factor arises from margin trading. Under the Securities Exchange Act of 1934 the Federal Reserve Board fixes margin requirements for the purchase and carrying of securities. At present the Board requires a buyer to provide in cash at least 55 per cent. of the cost of securities—approximately double the previous

Stock Exchange requirements. Consequently, the purchasing power of operators' funds entering the market has been approximately halved. One thousand dollars will now buy securities of a maximum value of about \$1,800; formerly they would have turned over some \$4,000 worth. This fact implies, further, that a rising market now generates additional security purchasing power at a slower rate than before. "Pyramiding" is much less effective. In a declining market, additional margin is not legally required when the cover falls below 55 per cent.; the broker decides when more funds must be provided. These margin requirements apply not only to the public in buying and holding securities, but also to Exchange members. They obviously reduce the market effect of a given fund available for the purchase of securities. Their effect upon contemporary markets may be compared with the prohibition of security purchases by a given proportion of the community. But they also imply that a much larger fall in stock prices is now necessary to dislodge a marginal holder.

Next, we may consider the consequences of the Securities Exchange Act reflected in the regulations of the Securities and Exchange Commission. These are designed to prevent manipulation of security prices, and are quite broad. Not only do they prohibit many previously acceptable security transactions, but they may raise sufficient doubts regarding others to curtail the volume of trading. One of the most important regulations specifies that profits realised by officers, directors and chief stockholders of a corporation from the sale of that corporation's securities held less than six months, shall be paid into the treasury of the corporation, and not be retained by the individual.

Finally, the volume of security transactions is restricted by fear—which may be right or wrong, but certainly exists in the mind of some people—of the effect of the Administration's policies upon stock prices. Many companies and industries are now regulated to a much greater extent than hitherto, and control may well be increased—as public utility corporations have reason to expect. In addition, the growing power of labour organisations frightens potential purchasers of securities.

That these four main factors limit the volume of trading and thus cause "thin" markets is generally agreed, though different commentators would give them different emphasis. "Thinness," in fact, results partly from action designed to regulate the market, and partly from policies directed towards certain other ends, which affect the market incidentally. Thus, the tax structure was not modified primarily to regulate security markets. Its objectives were mixed—to tax the rich more heavily, to attempt to alter income distribution, to raise revenue, to punish practices generally unpopular and adjudged "immoral," and to encompass various other reforms. Similarly, the margin requirements are imposed partly to control the market, but primarily as a device to control credit and to protect the credit structure. The various reform measures in the fourth category are not intended as direct steps in market regulation at all. And several of the powers of the S.E.C. have in mind the reform of certain corporate practices, rather than the policing of the market itself.

Any attempt to appraise the present position in Wall Street, therefore, should distinguish between factors regulating the market *per se* and government policies

which affect the market incidentally to their main purpose. Such differentiation—which Wall Street sometimes overlooks—suggests that the latter are of much greater importance than market regulation itself. But the economic significance of a "thin" market also demands the same differentiation. Is a "thin" market a depressing factor? Is there some optimum volume of stock market activity? Obviously, brokerage interests tend to feel that any factors which diminish market activity must necessarily be bad, while sympathisers with the Administration would reach the opposite conclusion with equal certainty.

It is admitted that some security transactions which were permitted before the S.E.C. was set up are now prevented. But are prices more unstable? Present margin requirements and purchase restrictions appear to limit the rise in bull markets. Does it follow that accepted rates of capitalisation of earnings on equities will be permanently altered? Does it follow, again, that liquidation now depresses prices more seriously? Or do restrictions on short selling reduce short-term operations, and higher margin requirements bring security prices more closely into line with business fluctuations and earnings prospects? Is the investor in a safer position—less likely to experience a 1929 collapse—as a result of measures designed to protect the credit structure, to improve the distribution of income through taxation, to eliminate unscrupulous market practices, and to reform the economic structure?

One conclusion, at least, stands out in this maze of—as yet—unanswerable questions. A "thin" market does preclude short-term operations on any considerable scale. Consequently, capital invested in securities now enjoys less liquidity and mobility. The investor, having acquired a security, must regard it as a more permanent holding than before. And he must acquire it after greater deliberation and with a larger proportion of his own funds. Since his interest tends to become more permanent, he will feel more closely associated with the enterprise in which his money is invested. But whether this new obligation for the investor is economically harmful is another question.

In short, the break in stock prices cannot, with any certainty, be attributed to the regulation of the markets. The decline can well be attributed to government policy affecting the disposition of capital, if it is to be laid at the Government's door. But more fundamental questions are at stake. Those observers who expect a substantial trade recession in this country during the next twelve months have been in a minority until recently, but now their number is growing. In future months, the Wall Street slump may prove to be a valid anticipation of a recession in trade and corporation earnings. And who knows if the market's political fears may not prove justified? It does, in fact, seem safer to assume that security prices will still conform fairly closely with business and earnings prospects. Those regulations which have been in force for several years have not noticeably altered this traditional market function. Investors may be forced to retain their holdings longer, but they should not assume that the market is incapable of fairly prompt response to business developments.

Investment and Company Notes

An Unstrategic Retreat.—In the middle of this week, when *The Financial News* index had fallen to 102.3 against 106.4 a week earlier, much of the selling of securities on the London Stock Exchange was of the type tersely described as "forced." The theory that the markets were not so much retreating as moving to prepared positions in the rear became obviously untenable. The inevitable rumours of financial difficulties

were whispered, muttered and cried aloud and, as usual, names were mentioned with no vestige of authority or even, in most instances, of innate probability. The phenomenon is significant, not in itself, but as a recognised psychological landmark in a bear market. It implies, first, that the downward movement has become a major affair rather than a secondary reaction; and, secondly, that lower prices are more likely to attract further selling than strong support. The immediate difficulty is that weakness in London is largely a species of "back-lash" from events in Wall Street, on the one hand, and from the commodity markets, on the other.

The trouble with Wall Street is that many people who, apparently, still consider America the safest cloak-room for transferable funds are unwilling to invest them in American equities. The official figures show that while the amount of "hot money" in America was again substantially increased in the second quarter of this year, the amount invested in Wall Street actually showed a slight decline. In the third quarter, undoubtedly, the movement into America but out of Wall Street was accentuated. The decline in American security prices has been unnervingly rapid. U.S. Steel common, for example, have fallen from a London make-up price of 91 on September 20th, to a quotation of 74½ on October 7th. British interests who have simultaneously been operating in New York and London may consequently have to abandon relatively sound positions in London to cover differences on the other side. The tocsin has been rung so often in the British market, since the beginning of this year, that speculative commitments—originally very considerable—have been greatly reduced, in more or less orderly fashion. But London is no longer its own master.

"Equality" for Corporation Loans.—Amid the troubles of less happy markets, the gilt-edged market stands firm as a rock in shifting sand. Gilt-edged borrowing has been resumed, and the practice of fitting all issues to the same Procrustean bed has also re-emerged. The type of loan favoured by the authorities is a 3½ per cent. stock with a life of approximately 20 to 25 years and a price of 101. To the authorities, but not apparently to the market, an issue on these terms by the Hull Corporation, where local rates are as much as 19s. 8d. in the pound, is indistinguishable from one of the same amount by a popular borrower, in a rapidly developing area, like the Hertfordshire County Council. The difference, actually, was probably worth something from a ½ to 1 per cent. in the issue price, and underwriters of the Hull loan counted themselves fortunate to have to take up no more than 26½ per cent. The firm tone of the gilt-edged market is, in its own way, a reflex action from troubles elsewhere. But the extent to

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which technical extremity can be the gilt-edged borrower's opportunity is limited. Ultimately, the result of sustained liquidation elsewhere would be to dry up the springs of the capital market.

* * *

Foreign Bond Movements.—Only Egyptian bonds resisted last month's sharp setback. The Municipal and General Securities index of 110 issues shows a fall of 5 per cent. from 107.7 to 102.4 (January-June, 1934=100). Far Eastern bonds are in fact 8½ per cent. down. The month's movements are shown below:—

Average January-June, 1934 = 100

End of Month	Europe	Near & Far East	Egypt	South and Central America			Complete Index	Unde-faulted Bonds	De-faulted Bonds
				States	Pro-vinces	Total			
1936 Sept....	(32) 94.7	(31) 110.7	(4) 99.9	(36) 98.8	(11) 89.0	(47) 96.4	(114) 99.7	(60) 104.3	(54) 94.8
Dec....	(31) 97.7	114.0	99.7	120.2	110.0	117.8	(113) 110.8	(59) 105.8	115.3
1937 Jan....	103.6	116.2	100.6	128.5	131.7	(46) 117.0	(119) 107.3	(58) 107.3	128.5
Feb....	(30) 102.9	120.0	99.6	131.8	131.8	131.8	(111) 119.0	(57) 108.1	131.4
March	(29) 100.3	120.8	97.8	128.2	120.1	124.7	(110) 115.7	(56) 106.7	126.0
April...	100.9	120.2	97.1	124.7	122.7	124.3	115.4	106.6	125.4
May...	101.6	123.1	98.3	124.3	120.7	123.4	116.2	108.0	125.3
June...	101.3	125.5	98.1	124.8	118.2	123.2	116.6	109.8	125.1
July...	105.9	117.6	97.9	127.8	117.5	125.3	116.7	106.3	128.6
August	103.1	95.3	98.5	122.4	118.4	121.4	107.7	99.1	117.4
Sept....	101.9	87.2	99.5	116.1	111.8	115.0	108.4	95.9	109.7

Note: Figures in brackets show number of bonds.

The compilers of the index have prepared special figures for Chinese and Japanese issues. Taking the end of June, 1937, as 100, Chinese defaulted issues stood at 72.5 at the end of September, and Japanese bonds at 74.7. Chinese defaulted issues, however, had fallen to 59.7 in August and now stand at 52.3. Sino-Japanese affairs, however, should not be allowed to hide the following statement regarding the Greek debt offer: "The Hellenic Government do not intend to modify in the least the terms submitted by them for a permanent settlement of the Greek External Debt." This statement has at least the virtue of straightforwardness.

* * *

London Transport Dividend.—London Transport "C" Stock stood as high as 99½ earlier this year, but ever since the bus strike its course has been downward. Within the last few weeks its weakness has been conspicuous, and on Thursday the stock closed no better than 75½. Estimates of a 4 per cent. dividend, indeed, were regarded, if anything, as bullish. The board, however, is to pay 4½ per cent. for 1936-37—a decision which requires an additional sum of £64,250 while £28,061 remains, to be transferred to the "C" Stock interest fund. Results for the past year were more than usually difficult to foresee. A loss of £347,000 in the Board's traffics for the June quarter reduced the year's "plus" to £255,000. It was generally feared—and the evidence submitted at the strike inquiry went far to confirm the view—that rising costs had already absorbed the larger part of the gains for the first three quarters to March. It must, of course, be remembered that the pooling arrangement would give the Board its share of benefit from the traffic diverted to other forms of public transport during the strike, and in the last resort renewal policy would have a vital effect upon distributable earnings. The answer to these problems, however, must await the publication of the report. Meanwhile, the current trend of traffics is hardly auspicious. A series of losses had reduced the gain to September 25th to as little as £1,700. The last week's return shows a gain of £19,800—as generous as it is timely.

Argentine Rail Dividends.—The market wanted good news on Wednesday, and the first Argentine railway dividends scarcely come into this category. The Buenos Aires Great Southern declared a full payment on the 5 per cent. preference stock, which received one per cent. for 1935-36, and 3 per cent. on the 6 per cent. preference stock—thus resuming payments at the 1934-35 rate. B.A. Western first preference dividend is met in full, and the 4½ per cent. stock will receive 3½ per cent., compared with one per cent. for 1935-36. Optimists who had expected full second preference payments in each case showed their disappointment by marking down the B.A. Great Southern 6 per cent. preference stock by no less than 4½ points to 61, while B.A. Western, at 62, recovered its initial loss on Thursday. The B.A. Great Southern payments will require £560,000 more than in 1935-36. From a superficial examination of the sterling traffics increase—£990,728—it would appear that the company has retained well over 56½ per cent. of its gross increase net. The sterling traffics, however, are calculated at the average peso rate for each week, and the remittance rate is rather more favourable to the companies. A similar calculation for B.A. Western shows that only £63,810 out of the sterling increase in traffics (£243,337) is required for the increase in dividend. We shall consider the companies' position in detail when the accounts are available. Both companies are largely dependent upon cereals traffics, and at one remove upon price movements—which will be determined by the crop from the Southern Hemisphere. A big crop might not be an unmixed bull point for the stocks. B.A. Western, with 20 per cent. of its traffics from livestock, is particularly affected by the Anglo-Argentine trade agreement. Meanwhile, the railways this week have made further representations regarding an increase in charges. It can only be said at this stage that the completion of the elections should remove some of the political barriers which appear to have blocked earlier applications this year.

* * *

United Steel Companies Report.—The market was favourably surprised by the increase in the United Steel Companies' dividend from 7½ per cent. to 8½ per cent. on the increased capital, and the accounts prove even better than the dividend had suggested. Gross profits are up from £1,545,278 to £2,075,322, and earnings for the ordinary stock, after providing some £500,000 for depreciation and obsolescence and £560,850 for taxation, amount to 11.1 per cent. For a year in which the group's production of coal increased by only 0.2 per cent., of coke by 9.5 per cent., of pig iron by 4.5 per cent., and of steel ingots by only 3.7 per cent., this striking increase of profits is highly satisfactory. It clearly illustrates the relative invulnerability to rising costs of a highly efficient and rationalised steel concern, controlling its own supplies of raw materials. The following table sets out the rising trend of profits during the past three years:—

	YEARS TO JUNE 30		
	1935	1936	1937
Gross profit	1,243,981	1,545,278	2,075,322
Fees	6,999	5,963	5,218
Taxation	244,198	356,122	560,850
Depreciation and obsolescence	275,000	400,000	500,000
Deb. interest and red.	135,079	143,566	142,904
Pension fund, etc.	48,500	110,000	130,000
Ordinary stock—			
Earned	534,205	629,627	736,360
Paid	358,937	380,441	565,148
Earned (%)	10.4	10.4	11.1*
Paid (%)	7	7½	8½*
General reserve	100,000	100,000	167,629
Carried forward	521,305	570,491	574,064

* On a capital increased from £8,616,365 to £8,821,820.
† After adjustments of reserves.

The balance sheet is impressive. Nearly one-third of the assets is represented by interests in subsidiaries, but those items which are explicitly stated show considerable strength. There are holdings of £3,900,237 in cash, money at short notice, and gilt-edged securities, and the creditors' account is covered by the debtors'. Funds available for the financing of any new development which

the group may require thus seem ample. During the last year the capital assets have increased by £308,265, and this increase excludes the developments in Lincolnshire, which are recorded in the Appleby-Frodingham subsidiary's accounts. On the whole, the group has built up a very powerful position after an ill-omened start. The ordinary stock is certainly among the most stable of steel company securities, and the yield of 5.8 per cent. at the present price of 29s. 6d. reasonably discounts any prospective decline in profits.

* * *

The most striking feature of the present report, however, is an addendum, in which the board explains in unique detail the business of the company. A coloured map shows the geographical position of the three main units in the group—Lincolnshire, Sheffield and Workington—and the markets they supply. For each branch there is a diagram showing in simplified form the layout of the plant, the sources of raw materials, and the technical links between the various parts of the process. A description of each branch is provided, together with a list of products and their uses. This addendum is a wholly new and praiseworthy achievement. The diagrams alone, produced with an admirable use of colour, are an education in steel economics, and companies in other industries might well emulate this excellent example. The addendum, in fact, provides invaluable information for a proper assessment of the problems of industry and of investment. It explains the programme of development which the group has now nearly completed, and underlines its far-reaching character. Workington has been completely modernised; important additions have been made to the works of Samuel Fox and Company; the Appleby-Frodingham plant at Scunthorpe has been renovated and is being extended by the addition of two large blast-furnaces, a coke-oven battery, and new open-hearth steel furnaces—the last of the major developments. Both financially and technically, United Steel Companies have made good use of the steel industry's recovery, and stockholders will read this supplement with interest and satisfaction.

* * *

Record Austin Motor Profits.—The Austin Motor Company has produced results of surpassing excellence, but the market is not impressed. On the day before record trading profits of £1,665,125 were announced, the ordinary shares fell 1s. 3d. to 40s., and merely gained 7½d. on the results, as if an increase of £170,000 in trading profits had been generally expected. The fact remains, however, that only a few thousand pounds of the increase have filtered through to the equity shares. Taxation and N.D.C. require £85,000 more and maintenance of plant is again substantially increased. After these provisions, the equity earnings are slightly higher at 79.2 per cent. The increases in the capital and revenue reserve allocations, raising the funds to £500,000 and £600,000 respectively, are made largely at the expense of the generous credit balance forward, as the following table shows:—

	YEARS TO JULY 31ST		
	1935	1936	1937
Profit	1,469,144	1,496,696†	1,665,125
Income tax	150,000	165,000	250,000*
Directors' fees	2,000	2,000	2,000
Maintenance of plant, etc.	483,553	530,828	606,542
Depreciation	145,043	173,795	179,506
Debenture service	64,625	71,500	71,500
Prof. and pref. ord. dividends	189,812	187,828	185,734
Ordinary shares:—			
Earned	434,111	365,745	369,843
Paid	241,202	237,312	233,422
Earned (%)	90.0	77.1	79.2
Paid (%)	50	50	50
Capital reserve	(a)	50,320	82,046
General reserve	185,000	75,000	125,000
Carried forward	370,842	373,955	303,330

* Including provision for N.D.C. (a) £22,459 share premiums transferred direct. † Includes unstated profits on investments.

These results have been achieved through an increase of 24.9 per cent. in home turnover (based on numbers of cars) and of 38.7 per cent. of export turnover. The current financial year has opened with spectacular increases of 35.4 per cent. and 105.1 per cent. respectively for the two classes during the first six weeks.

* * *

Investors, however, continue to suspend judgment on an appreciable increase in profits this year, and they may well be right. Costs have rapidly increased, and not until July were car prices adjusted, on what seems a moderate basis. Even if turnover continues to rise—if, in short, this is to be an "Austin year"—there is no guarantee that earnings will follow the same course. The company is in excellent financial shape, with £1½ millions in net current assets, which mask a substantial rise in stocks and creditors. Perhaps part of the increase in stocks and in plant and equipment (up from £1,572,511 to £1,913,272, after deducting £1,960,759 for depreciation reserve now disclosed) may be related to the Longbridge aircraft works, which the company has erected as part of the "shadow scheme." As much as £571,309 was in fact spent last year for capital purposes. The accounts are good, and the directors' report, apart from its references to competition and costs, reads confidently. But the 5s. ordinary shares, now at 36s. 10½d. ex dividend, yield £6 15s. 9d. per cent. The cost argument has evidently impressed the investor. Will he next have to consider the future demand for cars more closely?

* * *

Gaumont-British Position.—Those in ultimate control of the Gaumont-British Picture Corporation will look back to the year ended March last with more relief than pleasure. From the accounts presented this week, indeed, it seems likely that the 'opposition, which obtained a consolidated balance sheet last year by refusing to pass the accounts, may decide to go into action again. The report is as bare of information about the group as a whole as were its predecessors. Over three-quarters of the total assets consists of loans to, or shares and debentures in, subsidiaries. The profits, including income from investments, have fallen from £715,524 to £561,702. This sum, after providing for taxation, amortisation and depreciation of properties (down from £23,883 to £13,951) and debenture service, covers the preference dividend with as little as £16,463 to spare. But the treatment of the past year's production losses is the important feature of the report. The sum of £200,000 was specially reserved for production losses in the last accounts, and £435,278 has been taken from reserve. The losses amount to £766,809, so that the balance available to be carried forward is reduced from £163,484 to £31,953. This latter sum, and the £85,000 remaining in reserve, are the only revenue reserves remaining in a balance sheet totalling £13,496,544. What, it may be argued, is of the nature of a trading rather than a capital loss has only been met with generous help from past profits. This procedure is legitimate, and the preference dividend payment was upheld in the



SECURITY FIRST

**TOTAL FUNDS EXCEED
£48,000,000**

**CLAIMS PAID, OVER
£225,000,000**

Head Offices:
LIVERPOOL **LONDON**
North John St. Lombard St.

Courts in April against those who argued to the contrary. But it clearly involved the Corporation in deeper financial predicament, and was decided only by a majority of the directors, whose interests are determined by the retention of the present form of control through a minority equity holding.

Shareholders, conceding these bygones, will study the present earnings position with concern. A depreciation reserve of £331,776 is shown in the balance sheet, while amortisation and sinking fund provisions from revenue last year totalled £84,882. The fixed assets of the whole group were valued last October at £16,273,149. Their book value is unknown, and the subsidiaries have presumably made depreciation provisions. But taking the parent company's fixed physical assets alone—£2,077,762 compared with £2,061,167 at the end of March, 1936—a depreciation rate of 4 per cent. seems no more than adequate. The conclusion is that the preference dividend is covered with so insignificant a margin that the adequacy of the group's depreciation provisions assume crucial importance. A consolidated statement of assets and profits is thus essential. The Corporation, indeed, has reached the stage where questions affecting capitalisation and control have become urgent.

Joseph Lucas Profits.—The full report of this motor accessories concern has satisfied market expectations, for the unchanged dividend gave no inkling of a 9 per cent. increase in profits. Since these are struck after depreciation, contingencies and taxation (and N.D.C. in the latest year), the full fluctuations in earning power are unrevealed, but the inference from the steady profits record is favourable. The business is exposed to keen competition, but Joseph Lucas have been as successful as any in obtaining their share of the increased demand—which is somewhat greater than the mere car registrations suggest. Recent profits are set out in the following table:—

	YEARS ENDED AUGUST 7TH		
	1935	1936	1937
Profit	266,168	320,642	351,298
Fees and staff fund	12,500	17,500	17,500
Preference dividends	10,734	10,647	10,474
Ordinary shares:—			
<i>Earned</i>	242,934	292,495	323,324
<i>Paid</i>	189,933	224,244	220,567
<i>Earned %</i>	16.0	19.6	22.0
<i>Paid %</i>	12½	15	15
Reserve	56,007	75,000	100,000
Carry forward	74,377	66,628†	69,385

† After adjustment.

The latest rise in profits swells the reserve fund, which now amounts to £675,000. Expansion of the business through self-finance is reflected in the balance sheet. Premises, which are shown after deduction of amounts written off, are £20,000 higher at £621,981. Investments in industrial companies have risen from £17,000 to £67,000, while interests in subsidiaries are as much as £247,000 higher at £724,815. This substantial increase presumably includes the acquisition of the remaining C.A.V.-Bosch, Ltd., shares. The company's strength goes far to merit a yield of 4 17s. per cent. on the £1 ordinary shares at 61s. 10½d., but the effects of rising costs and of future motor demand must also be carefully considered.

Murex Progress.—The market did not react generously to the Murex dividend. The speculative operator is frequently disappointed when a company, having distributed a substantial capital bonus, fails to maintain the same percentage rate on the new capital as on the old. So it was with the Murex dividend. But the

long-term holder will find good cause for satisfaction in the accounts. Trading profits after depreciation have jumped by 40 per cent.—from £216,335 to £303,501—and total income (including dividends from Murex Welding) is up from £278,741 to £381,550. The ordinary capital is now £1,000,000, compared with £553,500 ranking last year; but this scale of profits comes within an ace of maintaining the previous year's rate of earnings. Seen in the light of the report, accordingly, the 20 per cent. distribution provides yet another instance of increased directorial caution. The rapid rise in profits over the past three years is analysed below:—

	YEARS ENDED JUNE 30TH		
	1935	1936	1937
Trading profit	190,391	216,335	303,501
Total income	229,323	278,741	381,550
Depreciation, etc.	22,421	40,759	12,174
Investment reserve	14,000	15,760	...
Tax and N.D.C.	38,000	50,000	78,000
Expenses and fees	11,712	7,579	7,859
Preference dividend	3,500	3,500	3,500
Ordinary shares:—			
<i>Earned</i>	139,760	161,143	280,017
<i>Paid</i>	83,698	105,511	149,997
<i>Earned (%)</i>	33.4	38.2	37.3
<i>Paid (%)</i>	20†	25†	20
General reserve	40,000	100,000	50,000
Carry forward	77,730†	33,362	110,113*

* After writing off £3,269 issue expenses.

† And capital bonus: in 1935 of 100% on £270,000 and 2½% on £540,000; and in 1936 of 66½% on £600,000.

‡ After crediting £14,000 refund.

Murex has enjoyed a double equity in recent years—first in industrial recovery generally, and secondly in the development of new metal technique, including welding, and special alloys. Nor do the directors yet see a halt to the company's construction programme, despite the substantial expansion in fixed assets last year. The consolidated balance sheet, in fact, shows that land and plant together now total £648,000, compared with £263,000 at the end of June, 1936. Stock has jumped from £263,000 to £408,000. Yet the liquid position remains impressive, thanks to the cash issue last year. The £1 shares have been affected by the general *malaise* this week, and stand at 4½, ex dividend, to yield 4.6 per cent. on dividend and 8.4 per cent. on earnings. They may move with the rest of the market in present conditions, but long-term factors are in their favour.

Philips Lamps Recovery.—The announcement of an 18½ per cent. dividend, against 6 per cent., had prepared investors for a substantial rise in profits. After the disappointing 1935-36 profit of Fls. 4,064,000, the latest profits of Fls. 19,674,000 are indeed impressive—they are, in fact, the highest since 1929. The accounts are made up to April 30th, so that the benefits of the devaluation of the guilder were enjoyed for only seven months of the year. The financial position of the undertaking is strengthened in consequence. A sum of Fls. 3,000,000 is taken to a special reserve for future extensions and various reserves receive some Fls. 4,500,000. The revaluation of foreign assets provides a surplus of Fls. 10,107,000, which has been placed to "Revaluation reserve" for use against future exchange and transfer losses, without drawing upon the General Contingency Reserve. The report, as usual, is very comprehensive.

Other Company Results.—Our usual analysis of profit and loss accounts, appearing on page 92, comprises nearly forty further companies, including *Perak River Hydro-Electric Power Company*, *The Financial News* and *London Express Newspaper* profits, and the first accounts of *Horlicks, Ltd.*, as a public company. The results are discussed on page 91 under the heading "Shorter Company Comments."

THE WEEK IN THE MARKETS THE STOCK EXCHANGE

SETTLING DAYS

TICKET: OCTOBER 19

ACCOUNT: OCTOBER 21

THIS week, like its immediate predecessors, has been a very depressing one for the markets. Many factors have contributed to their gloom. Chief among them has been the continued chaos on the American markets, every day of sharp recovery being followed by two days of equally excited slump, with evidence of forced selling. The recent fall in prices has accentuated doubts about the economic outlook. The market has been cautious about the continuance of prosperity for some months, but now it appears to be becoming perceptibly pessimistic about industrial developments. And as prices fall, rumours of difficulties become widespread.

The chief consequence has been the continuous and substantial rise in gilt-edged, with undated stocks highest in favour. The partial success of the Hull issue was followed by eager application for the Hertfordshire loan. In the Colonial section Australian issues have been in demand, with rises throughout the week. Foreign bonds have, however, suffered from the general political uncertainty. German stocks have fallen without interruption. Greek and Hungarian issues also fell; and President Roosevelt's speech hit Japanese issues severely. Chinese loans have moved erratically, on the whole downwards. Among the South Americans Brazilians have slumped badly.

Home Rails were comparatively strong over the week-end, the market hoping for good things from the first traffics to show the effects of higher fares. These, however, proved very disappointing and almost all the ordinaries and many prior charges collapsed. London Transport "C" stock was sold in anticipation of the dividend. Among foreign rails, United States have tumbled down in sympathy with Wall Street, and the Argentine group has been very feeble.

But it has been the industrial markets that have borne the brunt of the week's troubles. There was at one time on Wednesday a good deal of distress selling for cash, concentrated chiefly on trans-Atlantics, which naturally crashed, but also distributed over the more speculative issues elsewhere. Following this lead the vast majority of quotations have moved downwards, save when a particularly good dividend, such as Tube Investments, has come to the rescue. Iron and steel, aircraft, motors (especially Standard), shipping, and textiles have been the most depressed groups. Bank shares have moved in sympathy with gilt-edged.

Oil shares shared the general weakness. Some early Paris selling depressed the leaders, and Royal Dutch was unmoved by share bonus rumours. Wall Street's further break was followed by fairly heavy selling, in which Anglo-Iranian, Burmah and Shell were particularly marked down. Wednesday's late recovery was hardly more than a Thursday storm, but some gain in confidence was apparent on Thursday. In the rubber share market, the week was one of the worst experienced for some time. After a firm opening, and prices of recovery in the commodity price caused disquiet, and prices sagged under slight selling for want of support. As the price of rubber broke sharply later, falling below 8d., selling pressure increased noticeably, the volume of sales being the heaviest for some months. The market steadied itself somewhat in mid-week. Although tea shares were dull, prices were firmer than in other sections.

In Kaffirs the undertone was not inherently weak, but the nervousness of markets generally restricted business and depressed prices. With the approach of a settlement that threatened to be difficult, dealers preferred to keep even books. Other factors were the closing of the Johannesburg stock exchange on Monday and slight selling pressure from Paris. Public support was absent except for a few of the re-imposition. Rhodesian copper issues were helped by the reimposition of restriction and by the recent dividend announcements, but could not resist the general depression. Base metals were consistently weak.

"FINANCIAL NEWS" MARKET INDICATORS

	Sept. 30	Oct. 1	Oct. 4	Oct. 5	Oct. 6	Oct. 7
Approximate total of bar gains recorded in S.E. List Corresponding day 1937	6,495	6,915	8,365	7,090	8,525	7,010
SECURITY MOVEMENTS						
Index of 30 Ordinary Shares (July 1, 1935=100)	106.4	106.2	105.5	104.3	102.3	103.0
Index of 20 Fixed Interest Securities (1928=100)	126.7	126.8	127.0	127.0	127.1	127.1

Highest 1936: Ordinary Shares 124.9 (Nov. 18); Fixed Interest 138.8 (Feb. 10).
Lowest 1936: Ordinary Shares 107.4 (Jan. 2); Fixed Interest 136.2 (Sept. 23).
Highest 1937: Ordinary Shares 124.8 (Jan. 4); Fixed Interest 136.6 (Jan. 4).
Lowest 1937: Ordinary Shares 102.3 (Oct. 6); Fixed Interest 126.0 (Sept. 8).

ACTUARIES' INVESTMENT INDEX

On Tuesday last the Actuaries' index of 177 industrial equities stood at 79.3, having fallen from 80.6 a week ago and 82.5 a month ago. The corresponding yields are 4.61, 4.52 and 4.41 per cent. respectively. A selection of the separate indices follows:—

Group (and No. of Securities)	Prices (Dec. 31, 1928=100)			Yield (%)		
	Month ago (Sept. 7, 1937)	Week ago (Sept. 28, 1937)	This week (Oct. 5, 1937)	Month ago (Sept. 7, 1937)	Week ago (Sept. 28, 1937)	This week (Oct. 5, 1937)
Insurance companies (24)	120.2	120.3	123.7	3.63	3.63	3.54
Building materials (3)	89.8	85.8	82.2	6.11	6.33	6.60
Coal (7)	125.1	123.3	120.8	3.93	4.06	4.15
Iron and steel (12)	76.3	75.6	72.8	5.05	5.11	5.36
Motors (5)	51.0	48.3	46.4	4.78	5.06	5.28
Oil (5)	91.9	92.0	87.4	7.09	7.09	7.56
Electric supplies (10)	147.8	140.7	138.3	4.27	4.49	4.56

NEW YORK STOCK EXCHANGE

APPARENTLY Wall Street operators are unable to keep their feet off the Gadarene slope, and prices have again slumped. A slight improvement in Saturday's short session at the end of last week was forgotten on Monday of this week, and on Tuesday prices crashed as heavily as in any of the recent slumps. The causes given are as various, and individually as inconclusive as ever. The railway wages award was better than had been expected, but there was no sign of permission from the I.C.C. to increase rates, so railway shares fell. The *Iron Age* estimate of steel mill activity for the week is 66 per cent. of capacity against 74 per cent. last week, the fall being attributed to the non-appearance of new orders from the motor industry, the slackening in constructional orders, and the caution of the railways. So iron and steel shares slumped. Industrials generally have fallen heavily, and utilities have sagged. Operators profess to be troubled by the renewed talk of an emergency session of Congress in November, and by the President's strong speech on the foreign situation. The weakness of Wall Street and the fall in commodity prices have weakened London, which in turn has reacted upon Wall Street. There is no clear justification yet for the fears of an industrial slump, but Wall Street seems determined to generate its attendant conditions. On the bond market speculative obligations have followed the stock market, but government bonds have been relatively firm.

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

	1936		1937		Be- ginning of Year 1937	Sept. 22, 1937	Sept. 29, 1937	Oct. 6, 1937
	Lowest Apr. 29	Highest Nov. 10	Lowest Oct. 6	Highest Mar. 10				
347 Industrials ...	112.7	145.9	112.3	155.7	143.2	120.7	117.4	112.3
32 Rails	42.8	80.2(b)	37.9	64.5(f)	54.6	41.5	40.2	37.9
40 Utilities	91.2	111.0(e)	83.5	116.4(g)	111.7	87.1	86.5	83.5
Total, 419 Stocks	97.7	125.4	95.4	132.4	123.5	102.2	99.7	95.4
Average yield* ...	4.50% (High)	2.65% (Low)	5.56% (High)	3.20% (Low)	3.53%	5.14%	5.29%	5.56%

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

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

	Highest*	Lowest†	Sept. 29	Sept. 30	Oct. 1	Oct. 2	Oct. 4	Oct. 5	Oct. 6
180-3	125.4	134.9	134.6	134.2	134.6	132.9	125.4	128.5	

* March 6th.

† October 5th.

Assets
exceed £18,000,000

Over 150
Branch Offices

By Appointment

GENERAL

ACCIDENT FIRE & LIFE
ASSURANCE CORPORATION, LTD.
of Perth (Scotland) & London

FOR ALL TYPES OF INSURANCE
AND AS EXECUTOR OR TRUSTEE

TOTAL DEALINGS IN NEW YORK

	Sept. 30	Oct. 1	Oct. 2*	Oct. 4	Oct. 5	Oct. 6
Stock Exchange—						
Shares (No. Thous.)	1,050	670	290	630	1,680	1,780
Bonds (Thous. \$)	7,520	6,530	3,270	6,530	9,050	8,440
Curb—						
Shares (Thous.)	199	154	65	129	373	346

* Two-hour session.

	Sept. 29, 1937 (Close)	Oct. 6, 1937 (Close)	Oct. 7, 1937 (Latest)		Sept. 29, 1937 (Close)	Oct. 6, 1937 (Close)	Oct. 7, 1937 (Latest)
1. <i>Rails & Transport</i>				4. <i>Manufacturing</i>			
Atchafalpa	58½	54½	54½	Briggs	32½	32½	32
Balt. and Ohio	17½	16½	16½	Chrysler	91½	87	89½
B.M.T.	12½	13½	14	Electric Automobile	41½	29½	30½
Can. Pac.	9½	9½	9½	General Motors	49½	47½	47½
Ches. and Ohio	39½	41½	42	Hudson Motor Car	11	10½	10½
Ch. N.Y. Rly. Pk.	39½	37½	38½	Murray Corp.	8½	8½	8½
Illinois Central	30½	15	15½	Nash Kelvinator	15	14½	14½
N.Y. Central	27½	25½	26½	Packard Motor Car	7½	14½	15½
Nor. Pac.	20½	18½	18½	Bendix Aviation	15½	24	27
Pennsylvania R.R.	30	27½	27½	Boeing Airplane	25½	37½	40½
Southern Pac.	32½	29½	30½	Douglas Aircraft	37½	37½	40½
Southern Rly.	17½	18½	18½	United Aircraft	20½	...	...
Union Pac.	107	103½	103½	Air Reduction	63½	62	64½
Greyhound Cp. New	12½	12½	12½	Allied Cheml.	194½	188	191
				Col. Carbon	97	92	95
				Comm. Solvents	10½	10½	10½
				Dupont	148	138	141½
				Union Carbide	90	84½	87½
				U.S. Ind. Alcohol	26	24½	25
				Allis Chalmers	56½	50	51½
				Westinghouse	121½	113	114
				American Can.	97½	97	99½
				Addressograph	24½	25½	25½
				Caterpillar	79	73	73½
				Cont. Can.	52½	52	52½
				Ingersoll Rand	113½	100	99½
				Intnl. Harvester	94	88½	89½
				Johns Manville	103½	93½	94
				Am. Radiator	15½	14	14½
				Corn Products	58½	60½	61½
				J. I. Case and Co.	132½	129½	129½
				Glidden	33½	30½	30½
				Gen. Am. Transp.	51	46½	46
				Allied Mills	18	17½	17½
				Celanese of Amer.	29½	28½	28½
				Ind. Rayon Newk.	30½	28	29
				Colgate Palmolive	14½	13½	13½
				Eastman Kodak	175½	168	169½
				Gillette	12½	12½	12
				Lambert Co.	16½	16½	16½
				Loews	71½	70½	71½
				20th Century Fox	29½	28	28½
				5. <i>Retail Trade and Food</i>			
				Montgomery Ward	49½	45½	46½
				I. C. Penney Co.	85½	81½	84
				Sears Roebuck	76½	74½	75½
				United Drug	8	8	8½
				Walgreen	23½	23	...
				Woolworth	42½	40½	41½
				Borden	21½	21½	21½
				Gen. Foods	38½	39½	33
				Kroger Grocery	18½	18	18½
				Nat. Biscuit	23½	22½	22½
				Nat. Dairy	17½	17½	17½
				Standard Brands	10½	10½	10½
				Am. Tobacco B.	77½	76	76
				Liggett Myers B.	91½	92½	93½
				Lorillard	19½	19	19
				Reynolds Tob. B.	49½	47½	47½
				National Distillers	27½	26	27
				Schenley Distillers	36½	34	35½
				8. <i>Finance</i>			
				Commercial Credit	52½	49½	50½
				Atlas Corp.	xd12½	12	12
				Com. Invest. Trust	54½	51	51½

CAPITAL ISSUES

THE Hull loan at the end of last week was not an impressive curtain raiser to the new issue market's reopening, and the underwriters were, in fact, left with 26 per cent. of the issue. The continued strength of gilt-edged, however, has assisted the corporation issue market particularly, and the *Hertfordshire County Council* issue on Thursday was eagerly subscribed, with the stage in full chase. The county is a good name, and its issue, on identical terms with Hull (including a full six months' interest next May), makes no allowance for the perceptible difference in credit status of the two borrowers. The city of *Salford* has placed the maximum amount of £250,000 of 3½ per cent. stock, with a single date (1957) at 101, less 1 per cent. commission. No industrial issues have been made this week, but *Thomas Bolton and Sons* have published particulars of an issue of 5 per cent. preference shares, to be subscribed by Telephone and General Trust.

TOTALS OF CAPITAL ISSUES DURING WEEK

	Nominal Capital	Conversions	New Money
To the Public	1,800,000	572,288	1,055,732
To Shareholders only	288,785	...	762,998
By Stock Exchange Introduction	Nil	...	Nil
By Permission to Deal	184,500	...	779,550

Total Capital Raised—

	Including Conversions	Excluding Conversions	Total offered for Subscription— Including Conversions	Excluding Conversions
1937 (New Basis) ...	462,344,804	413,088,641	Whole Year (New Basis)—	
1937 (Old Basis) ...	283,187,198	217,023,512	1936 ...	842,017,245
1936 (New Basis) ...	356,201,829	257,902,851	1935 ...	698,313,125
1936 (Old Basis) ...	237,038,553	140,548,468	Whole Year (Old Basis)—	
January 1 to date (Old Basis)—			1936 ...	402,470,003
1935 ...	258,560,191	130,190,888	1935 ...	548,351,393
1934 ...	323,931,371	137,015,070	1934 ...	410,880,300
1928 ...	400,052,417	317,951,794	1933 ...	467,921,500
			1928 ...	683,000,058

Destination of Capital (Excluding Conversions)

	United Kingdom	British Empire (excluding United Kingdom)	Foreign Countries	Total
January 1 to date—				
1937 (New Basis) ...	354,023,577	56,816,705	2,255,359	413,088,641
1937 (Old Basis) ...	199,162,334	16,368,678	1,492,500	217,023,512

Nature of Borrowing (Excluding Conversions)

	Debentures	Preference	Ordinary	Total
January 1 to date—				
1937 (New Basis) ...	206,307,232	26,387,820	180,403,579	413,088,641
1937 (Old Basis) ...	149,401,824	16,503,365	51,118,323	217,023,512
1936 (New Basis) ...	91,250,203	30,677,070	135,975,578	257,902,851
1936 (Old Basis) ...	73,756,359	15,586,448	51,205,661	140,548,468

Whole Year (Old Basis)—				
1928 ...	212,917,900	45,082,600	111,177,600	369,158,100
1929 ...	222,064,300	12,733,700	9,882,500	244,780,500
1930 ...	102,769,300	21,461,000	44,876,400	169,106,700
1931 ...	167,185,509	31,896,741	37,268,387	236,147,637
1932 ...	160,521,116	24,423,647	70,626,280	255,570,993

Whole Year (New Basis)—				
1935 ...	193,599,713	48,806,822	115,118,905	357,525,440
1936 ...	184,255,833	41,580,731	288,303,201	494,139,765

PUBLIC OFFER

Hertfordshire County.—Issue of £1,000,000 3½ per cent. redeemable stock at 101. A trustee stock. Redeemable at par May, 1963, or from 1958 on notice. Ranks with existing stocks. Estimated population, 1936, 460,150; rateable value, 1937, £3,819,324; present county rate, 7s.; estimated net loan debt now £4,348,000. Proceeds: £355,523 for debt redemption; balance for county purposes. Lists closed at 9.5 a.m. October 7th. Heavily oversubscribed.

BY STOCK EXCHANGE INTRODUCTION

Salford Corporation.—Issue of £250,000 3½ per cent. stock purchased by Messrs. Pember and Boyle at 101, less 1 per cent. commission. To be redeemed at par September, 1957. Ranks with existing stocks. Proceeds to repay short term mortgage loans and for municipal purposes. Population last census 223,438. Total assets, £12,083,473; surplus assets, £6,284,695. Rateable value, £1,130,906; present rates, 17s. 2d. Net loan debt, £4,856,318 (of which £1,612,862 non-productive).

Bolton (Thomas) and Sons, Ltd.—Particulars of issue of 300,000 5 per cent. cumulative £1 preference shares. Telephone and General Trust take issue at 20s. 4½d. in cash. British Insulated Cables and Callender's Cable and Construction Company are purchasing, from the Trust, 50,000 shares at 20s. 6d. Other capital in issue: £400,000 4½ per cent. 1st mortgage debenture stock and 500,000 £1 ordinary shares.

PRIVATE PLACING

Anglo-Scottish Investment.—The directors have placed privately £20,310 3½ per cent. debenture stock, 1949–52. This brings the amount of this stock in issue up to £324,650.

BONUS SHARES

Easterns, Ltd.—Tax free bonus from capital reserve of ordinary shares at the rate of one share for 20 held to holders registered as at October 7th.

Hants and Dorset Motor Services.—It is proposed to distribute a 12½ per cent. capital bonus. The sum of £50,000 of the depreciation reserve is to be transferred to general reserve and applied in paying up 50,000 £1 ordinary shares to be distributed in the proportion of one for eight held on October 15th, and ranking as from April 1, 1937.

Monte Video Waterworks Company.—The capitalisation of £325,000 of the undivided profits and a share bonus distribution equivalent to 25 per cent. is proposed. Holders are to receive one new £1 share for £4 of ordinary stock held, to rank with existing stock, but not to participate in dividend for 1937.

ISSUES TO SHAREHOLDERS ONLY

Brynmor Steamship.—Issue of 373,750 2s. ordinary shares at 4s. to shareholders on September 30th (one new for two held).

Maryborough Mining and Finance.—Issue of 100,000 1s. shares at par.

Pressed Steel.—Issue of 552,548 5s. ordinary shares at £1 (one new share for five held on October 4th).

Singer Motors.—Issue of 473,092 5s. ordinary shares at 5s. 6d., in the proportion of one for every three preference and one for every six ordinary held on October 1st.

CONVERSIONS AND REPAYMENTS

United River Plate Telephone.—The £300,000 4½ per cent. debenture stock is to be redeemed on April 8, 1938, at 105. The International Telephone and Telegraph Corporation offers to supply out of its own holding 5½ per cent. cumulative redeemable first preference shares of United River Plate Telephone Company to any debenture holder who prefers that exchange. For each £5 of debenture

(Continued on page 86)

THE CHASE
NATIONAL BANK

OF THE CITY OF NEW YORK

Statement of Condition, September 30, 1937

RESOURCES

CASH AND DUE FROM BANKS	\$708,884,363.05
U.S. GOVERNMENT OBLIGATIONS, DIRECT AND FULLY GUARANTEED	575,010,738.15
STATE AND MUNICIPAL SECURITIES	67,855,011.20
OTHER BONDS AND SECURITIES	160,477,722.42
LOANS, DISCOUNTS AND BANKERS' ACCEPTANCES	817,312,674.28
BANKING HOUSES	36,792,210.62
OTHER REAL ESTATE	5,937,056.74
MORTGAGES	11,925,335.16
CUSTOMERS' ACCEPTANCE LIABILITY	28,140,994.23
OTHER ASSETS	9,816,092.33
	<u>\$2,422,152,198.18</u>

LIABILITIES

CAPITAL FUNDS:	
CAPITAL STOCK	\$100,270,000.00
SURPLUS	100,270,000.00
UNDIVIDED PROFITS	25,888,460.71
	<u>\$226,428,460.71</u>
RESERVE FOR CONTINGENCIES	16,384,420.89
RESERVE FOR TAXES, INTEREST, ETC.	1,559,322.72
DEPOSITS	2,128,874,872.12
ACCEPTANCES OUTSTANDING	29,815,317.25
LIABILITY AS ENDORSER ON ACCEPTANCES AND FOREIGN BILLS	15,257,776.04
OTHER LIABILITIES	3,832,028.45
	<u>\$2,422,152,198.18</u>

United States Government and other securities carried at \$160,212,028.40 are pledged to secure public and trust deposits and for other purposes as required or permitted by law.

BOARD OF DIRECTORS

WINTHROP W. ALDRICH
Chairman Board of Directors

H. DONALD CAMPBELL
President

VINCENT ASTOR
GORDON AUCHINCLOSS
EARL D. BABST
HOWARD BAYNE
JOHN A. BROWN
FRANCIS H. BROWNELL
NEWCOMB CARLTON
MALCOLM G. CHACE

EDWARD J. CORNISH
BERTRAM CUTLER
FRANKLIN D'OLIER
FREDERICK H. ECKER
HENRY O. HAVEMEYER
ARTHUR G. HOFFMAN
L. F. LOREE

THOMAS N. MCCARTER
OGDEN L. MILLS
ARTHUR W. PAGE
THOMAS I. PARKINSON
ANDREW W. ROBERTSON
ROBERT C. STANLEY
BARTON P. TURNBULL
CORNELIUS VANDERBILT

Main London Branch:

6, LOMBARD STREET, E.C.3.

Bush House Branch:
ALDWYCH, W.C.2.

West End Branch:

51, BERKELEY SQUARE, W.1.

Incorporated with Limited Liability under the Laws of the U.S.A.

(g) Includes a Special Jubilee bonus of 2½ per cent. free of tax.
 (h) Calculated on basis of 18½ annas per share of Rs. 9. Taken at 16 annas
 based on current annual dividend rate \$2.00 per share.

(e) Interim dividend. (f) Final dividend. (g) Including bonus of 5% free of tax. (h) Yield worked on a 35% basis. (i) Yield worked on a 18½ per cent. (j) Special Jubilee bonus.
 (k) Based on current annual dividend rate \$2.00 per share. (l) Free of Income Tax. (m) Yield worked on a 35% basis. (n) Yield worked on a 18½ per cent. (o) Special Jubilee bonus.
 to one rupee. (p) Annas per share. (q) Total dividend 25 per cent., of which 17½ per cent. cash and 7½ per cent. taken in deferred ordinary stock.

(r) Highest price 132/- and 25 per cent. dividend on old shares, before 30 per cent. capital bonus. Yield at 25 per cent. = ₹ 55. od.; at 16 per cent. = ₹ 4 0s. Od.
 (s) Paid on ₹ 100,000 more capital than in preceding year. (t) Total dividend 25 per cent., of which 17½ per cent. cash and 7½ per cent. taken in deferred ordinary stock.

(Continued from page 82)

ture stock there is offered 1 5/8 per cent. preference (sterling) share of £5, ranking from September 1, 1937, and 7s. 3d. in cash (representing 5 per cent. premium on redemption plus accrued interest, to December 31, 1937). Holders thus receive interest on both stocks for the four months, September to December inclusive.

Stoke-on-Trent Corporation 4 1/2 per cent. Redeemable Stock, 1938-1943.—This stock will be repaid at par on April 7, 1938.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Paid	Sept. 29, 1937	Oct. 6, 1937
Essex 3 1/2%, 1957-62	101	28	par-1/2 pm	1 1/2 pm
Pinchley 3 1/2%	101	51	1 1/2 pm	1 1/2 pm
Hull 3 1/2%	101	5	1 1/2 pm	1 1/2 pm
Iraq 4 1/2% Bonds	94	60	1 1/2 pm	1 1/2 pm
Lindsay Parkinson Pref. 20/-	20/-	20/-	24/11-24/7 1/2	22/9-23/3
Middlesex 3 1/2%, 1957-62	101	56	1 1/2 pm	1 1/2 pm
Odeon Theatres Ord. 5/-	5/-	5/-	8/8-9/3	8/6-9/-
Do, 5% 1st Deb.	99	59	6 1/2 dis	6 1/2 dis
Premier (Trinidad) Oilfields	5/-	3/-	7 1/2-4 1/2 dis	1/9-1/3 dis
Salt (Saitaire) 5% Loan	100	50	1 dis-1/2 pm	1 dis-1/2 pm
Spears and Jackson 5/-	10/-	10/-	1/-	6d pm

OIL OUTPUTS

ANGLO-EQUADORIAN OILFIELDS, LTD.—The output for September is 22,110 tons.

THE ARTOCK OIL COMPANY, LTD.—Production for September, 22,107 barrels.

APEX (TRINIDAD) OILFIELDS, LTD.—The results for September are as follows: Production of oil, 45,100 tons; deliveries, 47,700 tons. The totals for the year ended September 30, 1937, are: Production of oil, 558,610 tons; deliveries, 556,980 tons, which compare with the previous year's figures of: Production of oil, 537,091 tons; deliveries, 535,404 tons.

BRITISH CONTROLLED OILFIELDS, LTD.—Production for week ended September 25, 12,811 barrels. Production for the week ended October 2nd, 12,978 barrels.

THE KERN RIVER OILFIELDS OF CALIFORNIA, LTD.—Total production during September amounted to 147,502 barrels, or approximately 21,072 tons.

WEEKLY TRAFFIC RETURNS

RAILWAYS OF GREAT BRITAIN AND IRELAND

(b) Week ended Oct. 2, 1937. (c) Week ended Oct. 1, 1937.	Miles Open	Gross Receipts, week ended Oct. 3, 1937 (£'000)					Aggregate Gross Receipts, compared with 1936 (£'000)				
		Passenger, etc.	Merchandise, etc.	Coal and coke	Total Goods	Total Receipts	Passenger, etc.	Merchandise, etc.	Coal and coke	Total Goods	Total Receipts
Great Western	1937 3,738 1936 3,789	219 224	112 336	549 510	8,812 7,752	4,320 12,072	20,884 18,984	8,562 7,436	3,868 11,302	19,884 18,984	19,884 18,984
(c) L. & N. Eastern	1937 6,315 1936 6,332	335 357	289 626	961 921	13,659 13,066	9,559 22,625	36,284 34,631	13,070 12,602	8,959 21,561	34,631 34,631	34,631 34,631
L. M. & Scottish	1937 6,871 1936 6,898	524 512	532 517	261 241	793 758	1,317 1,270	20,887 19,036	9,830 9,286	28,886 27,760	49,733 47,841	49,733 47,841
Southern	1937 2,157 1936 2,153	312 298	72 70	34 30	106 100	418 398	13,113 12,457	2,412 2,469	1,157 1,184	3,569 3,653	16,882 16,110
Total	1937 19,081 1936 19,122	1,384 1,344	1,185 1,151	676 604	1,881 1,755	3,245 3,099	56,451 54,170	42,266 41,001	24,866 23,275	67,132 64,276	123,583 118,446
(c) Belfast & Co. Down	1937 80 1936 80	2-1 2-3	...	0-5 0-5	2-8 2-8	107-0 107-0	18-7 21-2	...	...	125-7 129-6	125-7 129-6
(c) Great Northern	1937 543 1936 543	13-9 13-5	...	11-0 10-9	24-9 24-4	451-2 440-3	366-8 379-9	...	...	818-0 820-2	818-0 820-2
(c) Great Southern	1937 2,076 1936 2,124	44-2 42-0	...	44-1 46-0	88-3 88-0	1,481-2 1,488-5	1,588-5 1,618-8	...	...	3,069-7 3,087-3	3,069-7 3,087-3

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

	Great Western	L.M.S.	L.N.E.R.	Southern
Second half-year, 1936, compared with second half-year, 1935:—				
Gross increase or decrease...	+ 491	+ 1,575	+ 751	+ 378
First half-year, 1937, compared with first half-year, 1936:—				
Gross increase or decrease...	+ 670	+ 1,329	+ 1,187	+ 359
Second half-year, 1937, compared with second half-year, 1936:—				
Gross increase or decrease...	+ 350	+ 563	+ 466	+ 213
Weekly average second half 1937... Latest week 1937 compared with 1936	+ 28 1/2	+ 43 1/2	+ 35 1/2	+ 18 1/2
	+ 39	+ 47	+ 40	+ 20

LONDON TRANSPORT

	Takings (before pooling)	Compared with corresponding period of last year
Week ending Oct. 2, 1937	£58,200	+ 19,800
Aggregate 14 weeks to Oct. 2, 1937	£7,824,400	+ 21,500

OVERSEAS RAILWAY RECEIPTS

Name	Weeks Ending	Present Mileage	Gross Receipts for Week	Gross Aggregate Receipts
			1937	+ or -
INDIAN				
Assam Bengal	23 Sept. 10	1,330	Rs. 14,85,300	+ 44,997
Bairi L. Ry.	23 Sept. 10	202	Rs. 1,29,600	+ 2,700
Bengal & N. Western	25 Aug. 31	2,111	Rs. 20,981	+ 24,460
Bengal-Nagpur	24 Sept. 20	3,268	Rs. 22,53,000	+ 3,72,508
Bombay, Bar. & C.I.	26 Aug. 30	3,072	Rs. 30,18,000	+ 1,22,008
Madras & S. Mahan	24 Sept. 20	3,229	Rs. 18,17,000	+ 68,229
Rohilk'd & Kumaon	23 Sept. 10	548	Rs. 1,54,255	+ 20,829
South Indian	23 Sept. 10	2,532	Rs. 15,71,908	+ 61,306

CANADIAN				
Canadian National	38 Sept. 30	237,661	\$ 5,877,384	+ 38,955
Canadian Pacific	37 Sept. 21	172,228	\$ 3,289,000	+ 22,000

SOUTH AMERICAN				
Antofagasta (Chili and Bolivia)	40 Oct. 3	834	\$ 20,990	+ 5,880
Argentine N.E.	14 Oct. 2	753	\$ 176,400	+ 2,300
B.A. and Pacific	14 Oct. 2	2,806	\$ 1,595,000	+ 18,000
B.A. Central	12 Sept. 18	...	\$ 133,400	+ 17,300
B.A. Gt. Southern	14 Oct. 2	5,084	\$ 1,921,000	+ 17,000
B.A. Western	14 Oct. 2	1,930	\$ 730,000	+ 23,000
Central Argentine	14 Oct. 2	3,700	\$ 1,209,850	+ 287,350
Central Uruguayan	12 Sept. 25	980	\$ 412,678	+ 9,907
Cordoba Central	14 Oct. 2	1,218	\$ 435,000	+ 47,000
Entre Rios	14 Oct. 2	810	\$ 15,136	+ 2,130
G. Westn. of Brazil	40 Oct. 2	1,092	\$ 68,700	+ 1,400
Leopoldina	40 Oct. 2	1,918	\$ 27,862	+ 1,000
Leopoldina Termal.	40 Oct. 2	...	\$ 372,000	+ 7,000
Nitrate	38 Sept. 30	384	\$ 14,373	+ 1,518
Paraguay Central	14 Oct. 2	274	\$ 2,909,000	+ 75,000
Salvador	14 Oct. 2	100	\$ 15,900	+ 3,000
San Paulo	38 Sept. 28	153	\$ 32,363	+ 1,487
United of Havana	14 Oct. 2	1,353	\$ 14,693	+ 324

* Converted at average official rate during week ended Oct. 2, 1937, 16 pence to £.
† Receipts in Argentine pesos. ‡ Fortnight. § Converted at official rate.
¶ Receipts in Uruguayan currency. * Converted at "controlled free rate."

OTHER OVERSEAS

Egyptian Delta Light	24 Sept. 20	621	\$ 7,295	+ 172
Railways	39 Sept. 30	...	\$ 1,441	+ 385
Egyptian Markets	13 Sept. 30	483	\$ 427,700	+ 76,400
Mexican Railway	...	...	\$ 4,036,000	+ 699,200

SUEZ CANAL RECEIPTS

Suez Canal	37 Sept. 20	...	\$ 308,800	+ 34,100
			\$ 7,940,700	+ 113,200

TRAMWAYS WEEKLY GROSS RECEIPTS

Anglo-Argentine	39 Sept. 30	325	\$ 859,139	+ 159,949
B. Aires Lacrosse	12 Sept. 19	...	\$ 58,566	+ 1,288
Burnley, Colne and Nelson Jt. Trmpt.	39 Oct. 2	87-68	\$ 5,604	+ 613
Calcutta Tramways	39 Sept. 29	...	\$ 1,22,732	+ 5,489
Liverpool Corp.	26 Sept. 29	...	\$ 31,638	+ 2,340
Madras Electric	36 Sept. 15	...	\$ 57,452	+ 3,998

MONTHLY TRAFFICS

Company	Months Ending	Description	Receipts for Month	Receipts to Date
			1937	+ or -
Costa Rica Rly.	2 Aug. 31	Gross	\$ 24,817	+ 7,487
Int. Rlys. Cent. America	8 Aug. 31	Gross	\$ 147,815	+ 95,199
La Guaira and Caracas	9 Sept. 30	Gross	\$ 4,468	+ 115
La Plata Elect. Trams.	1 Sept. 30	Gross	\$ 8,945	+ 241
Midland Rly. West. Australia	2 Aug. 31	Gross	\$ 12,678	+ 1,027
Peruvian Corp.	3 Sept. 30	Gross	\$ 289,953	+ 4,468
Rangoon Elect. Trams.	8 Aug. 31	Gross	\$ 4,67,786	+ 30,422

AMERICAN RAILROADS

Company	Month of August, 1937	Compared with August, 1936	8 Months 1937	Compared with 8 Months 1936
Baltimore and Ohio	Gross 14,413,000 Net 2,358,000	+ 51,000 - 758,000	116,845,000 18,055,000	+ 8,481,000 + 311,000
Erie	Gross 7,158,000 Net 1,110,000	- 47,000 - 256,000	57,771,000 10,750,000	+ 3,350,000 + 689,000
New York Central	Gross 3,210,000 Net 39,627,000	+ 311,000 + 1,820,000	247,802,000 28,990,000	+ 16,831,000 + 33,572,000
Pennsylvania Railroad	Gross 1,662,000 Net 19,266,000	+ 1,377,000 + 1,831,000	314,095,000 48,709,000	+ 33,572,000 + 1,685,000
Southern Pacific	Gross 1,835,000 Net 14,975,000	+ 1,295,000 + 614,000	151,291,000 104,151,000	+ 26,470,000 + 10,275,000
Union Pacific	Gross 2,899,000 Net	+ 417,000	9,986,000	+ 343,000

† Net operating income.

COMPANY MEETING

BAJOE KIDOEL RUBBER AND PRODUCE COMPANY, LIMITED

TEN PER CENT. DIVIDEND

The twenty-sixth ordinary general meeting of this company was held, on the 5th instant, in London.
Mr H. Eric Miller, who presided, said: For the year to March 31, 1934, prior to the agreement for international regulation, our average net price was 3.88d. per lb.; 1935, 5.88d. per lb.; 1936, 6.01d. per lb.; and to March 31, 1937, the year now under review, it was 8.39d. per lb.

On the basis of the percentages exportable during 1937 as at present officially fixed we estimate that for a crop of about a year we shall be able to account for a crop of about 2,250,000 lb. Including contracts for forward delivery we have already sold 1,050,000 lb. at an average price equivalent to approximately 9 1/2d. per lb. London landed terms. Out of the 1938-39 crop we have sold 188,000 lb. at an average of 11 1/2d. per lb. London landed terms.

The increase in the net selling price of our coffee from Fls. 10.14 per picul in 1935-36 to Fls. 13.22 per picul in the year under review is largely due to the devaluation of the guilder. Notwithstanding the better average we incurred a small loss on the coffee produced on our Java estates. We might have avoided this—a book-keeping loss—had we written more of the overhead charges to rubber and less to coffee, but the net result would have been the same.

The English company received dividends from the local companies and finished the year with a credit balance of £25,339 13s. 8d. The amount brought forward from the previous year was £37,977 9s. 3d., making available £63,317 2s. 11d.

A dividend of 10 per cent. less income tax is proposed, which will leave £38,421 2s. 11d. to be carried forward.
The estates stand in our books at the exceptionally low capital cost of £22 per acre, from which figure it would be quite proper to make some deduction by reason of the substantial nature of our liquid resources.

The agricultural policy which we are carrying out of improvement of the old areas by rejuvenation and by replanting is proceeding well according to plan, and we hope that our Kapok developments will in due time add grist to the mill.

The report and accounts were unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

TREASURY BILLS BY PUBLIC TENDER

Tenders for £50,000,000 Treasury Bills were opened on October 1, 1937. The amount applied for was £84,285,000. Tenders were accepted for Treasury bills at three months dated Monday to Friday at £99 17s. 3d. about 43 per cent. and above, in full; Saturday at £99 17s. 4d. and above, in full. The average rate per cent. was 10s. 9-02d.

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 4, 1935	30,000,000	49,560,000	27,500,000	10 6 1-64
July 5, 1935	40,000,000	60,905,000	40,000,000	10 12 4-32
January 3, 1936	35,000,000	68,075,000	35,000,000	10 10 10-72
July 9, 1936	50,000,000	72,750,000	50,000,000	10 12 1-27
January 1, 1937	40,000,000	75,450,000	40,000,000	10 12 5-83
April 2, 1937	45,000,000	73,025,000	42,000,000	10 11 0-45
July 2, 1937	45,000,000	72,930,000	40,000,000	9 10 10-83
September 24, 1937	50,000,000	79,025,000	50,000,000	10 10 9-02
October 1, 1937	80,000,000	84,285,000	50,000,000	

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended August 28, 1937	496,454	372,340
Week ended September 4, 1937	530,244	397,683
Week ended September 11, 1937	506,714	380,035
Week ended September 18, 1937	538,245	403,684

THE BANKERS' GAZETTE

BANK OF ENGLAND
RETURN FOR WEEK ENDED WEDNESDAY,
OCTOBER 6, 1937
ISSUE DEPARTMENT

Notes Issued:—	Government Debt	11,015,100
In Circulation	Other Government Securities	188,677,829
In Banking Department	Other Securities	297,162
	Silver Coin	9,909
	Amount of Fiduciary Issue	200,000,000
	Gold Coin and Bullion	326,406,625
		526,406,625
BANKING DEPARTMENT		
Proprietors' Capital	Government Securities	106,533,165
Reserve	Other Securities	5,094,734
Public Deposits*	Discounts and Advances	£10,837,347
Other Deposits	Securities	£20,896,734
Bankers' Accounts		31,734,081
Other Accounts		1,697,096
		174,537,207

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

Both Departments	Amount, Oct. 6, 1937	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	491,853,760	+ 3,363,303	+ 4,991,665
Public deposits	17,954,078	+ 3,850,896	+ 6,797,593
Bankers' deposits	102,130,521	+ 7,008,213	+ 17,938,245
Other deposits	36,804,888	+ 373,987	+ 4,136,703
Total outside liabilities	648,723,247	+ 6,146,633	+ 47,995,614

BANKERS' CLEARING RETURNS

LONDON (000's omitted)

	Tons	Metropolitan	Country	Total
January 1 to September 22	27,043,393	1,576,091	2,760,406	31,379,890
Week ended September 20	872,532	55,847	63,805	992,184
Week ended October 6	757,909	51,979	94,360	904,248
Total to date, 1937	28,433,511	1,663,717	2,818,371	33,015,619
Total to date, 1936	25,570,115	1,526,343	2,873,448	29,970,006
Increase or decrease in 1937	+2,863,396	+137,374	+280,923	+3,281,713
	+11.2%	+9.0%	+10.7%	+11.0%
Total for year 1936	35,039,354	2,039,620	3,537,588	40,616,574
Total for year 1937	32,443,574	1,887,112	3,229,084	37,559,770
Increase or decrease in 1937	-2,595,780	-152,508	-308,504	-3,056,822
	-7.4%	-7.4%	-8.7%	-7.5%

PROVINCIAL (000's omitted)

	Week ended October 2		Month of September (Duties excluded)			Aggregate Totals January 1 to October 2	
	1936	1937	1936	1937	Inc. or Dec.	1936	1937
No. of working days :			28	28	"		
BIRMINGHAM	3,543	3,569	10,426	9,744	- 6.5	161,904	162,981
BRADFORD	1,422	1,339	3,800	3,708	- 4.8	37,934	41,010
BRISTOL	1,487	1,432	5,498	5,446	- 0.9	49,798	50,204
DUBLIN	6,352	6,824				221,071	227,212
HULL	963	1,019	3,452	3,588	+ 3.9	32,053	35,779
LEEDS	1,712	1,529	3,648	3,929	+ 7.7	36,569	36,816
LEICESTER	973	815	2,974	3,113	+ 4.6	26,967	29,816
LIVERPOOL	9,104	8,980	25,705	25,864	+ 0.6	239,849	240,776
MANCHESTER	14,723	13,629	42,473	43,404	+ 2.1	395,992	432,456
NEWCASTLE	1,670	1,677	5,422	6,297	+ 16.1	51,295	58,408
NOTTINGHAM	852	811	1,943	1,869	- 3.8	19,448	20,212
SHEFFIELD	1,865	1,833	4,942	4,264	+ 5.4	39,508	43,141
	44,268	42,457	109,564	111,256	+ 1.5	1,254,375	1,354,546

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Bank of Turkey appeared in *The Economist* for June 26, 1937. Poland in September 25. Australia, Austria, Belgium, Canada, Czechoslovakia, Danzig, Egypt, Finland, India, Jugoslavia, Latvia, Lithuania, South Africa and Sweden in October 2.

BANK FOR INTERNATIONAL SETTLEMENTS

(In Millions of Swiss gold francs of 0.29 grammes)

	Sept. 30, 1936	June 30, 1937	July 31, 1937	Aug. 31, 1937	Sept. 30, 1937
Gold in bars	35.3	31.0	9.8	10.9	18.3
Cash	5.8	21.1	28.6	27.7	33.1
Sight funds	14.8	36.4	34.6	21.1	16.0
Bills and acceptances: Commercial	110.9	136.1	133.2	122.6	113.4
Treasury bills	21.6	140.6	136.1	170.8	163.9
Time funds: Not exceeding 3 months	55.5	30.1	46.0	45.7	66.4
Time funds: 3 to 6 months	224.9	302.6	303.2	310.2	306.5
Other assets	9.4	2.7	1.6	1.8	1.9
LIABILITIES					
Capital paid up	125.0	125.0	125.0	125.0	125.0
Reserves	22.1	23.2	23.2	23.2	23.2
Special deposits:					
Alimony to account	153.1	152.8	153.2	153.0	153.0
Common Government deposit fund	76.6	76.4	76.6	76.5	76.5
French Government guarantee fund	61.9	41.5	34.9	34.8	31.9
French Government deposit	2.0	1.4	1.1	1.1	1.0
Time deposits of Central Banks:					
Not exceeding 3 months	124.9	106.0	106.6	107.8	206.8
Between 3 and 6 months: for their own account	...	12.8	12.9	...	...
Sight deposits of Central Banks	21.8	46.8	47.0	36.8	40.8
For their own account	6.3	2.9	4.2	4.4	3.4
For account of others	0.6	0.5	1.5	7.4	7.6
Other deposits	27.6	8.8	8.8	8.8	8.4
Time deposits—gold	46.0	34.7	37.0	37.3	41.8
Miscellaneous items	...	...	...	...	...
Profits for distribution July 1	...	...	...	...	...

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

	Oct. 8, 1936	Sept. 16, 1937	Sept. 23, 1937	Sept. 30, 1937	Oct. 7, 1937
U.S.F.R. Banks					
Reserves					
Gold Certificates on hand and due from the Treasury	8,527,880	9,129,880	9,129,880	9,127,390	9,127,390
Total reserves	8,792,377	9,485,400	9,446,970	9,453,980	9,436,620
Total cash reserves	252,250	286,520	306,420	316,140	300,810
Total bills discounted	7,540	33,300	34,190	33,800	33,800
Bills bought in open market	3,100	3,070	3,030	3,080	2,810
Total bills on hand	10,640	36,370	37,220	36,880	36,610
Federal advances	27,140	30,800	30,800	30,800	30,800
Total U.S. Govt. securities	2,430,330	2,526,190	2,526,190	2,526,190	2,526,190
Total bills and securities	2,468,010	2,579,000	2,579,000	2,579,000	2,579,000
Total resources	11,861,820	12,679,510	12,624,830	12,775,450	12,754,420
LIABILITIES					
Federal Reserve notes in circulation	4,077,720	4,271,510	4,268,160	4,246,370	4,244,340
Assets of excess member bank reserves over requirements	1,860,000	880,000	1,020,000	1,080,000	1,080,000
Deposits—Member bank—reserve account	6,478,930	6,894,730	6,977,190	7,032,820	7,003,000
Government deposits	185,780	347,880	347,880	347,880	347,880
Total deposits	6,664,710	7,220,520	7,325,070	7,380,700	7,350,880
Total paid in and surplus	806,770	816,930	816,930	816,930	816,930
Total liabilities	11,861,820	12,679,510	12,624,830	12,775,450	12,754,420
Ratio of total resources to deposits and F.R. note liabilities combined	79.8%	80.0%	80.2%	80.2%	80.1%
U.S.F.R. Banks and Treasury Credits					
Monetary Gold Stock	10,971,000	12,661,000	12,661,000	12,734,000	12,765,000
Treasury Gold and National Bank Currency	2,808,000	2,808,000	2,808,000	2,798,000	2,808,000
Money in Circulation	6,906,000	6,864,000	6,829,000	6,820,000	6,806,000
Treasury Cash and Deposits with Federal Reserve Banks	2,666,000	2,848,000	2,780,000	2,715,000	2,666,000

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted)

	Oct. 8, 1936	Sept. 16, 1937	Sept. 23, 1937	Sept. 30, 1937	Oct. 7, 1937
Total gold reserves	3,792,800	3,821,240	3,840,180	3,840,280	3,829,520
Total bills discounted	1,900	15,810	15,210	14,900	14,180
Bills bought in open market	1,100	1,000	1,070	1,070	1,040
Total U.S. Govt. securities	645,240	725,030	725,030	725,030	725,030
Total bills and securities	658,300	741,110	746,700	746,140	744,920
Deposits—Member bank—reserve account	2,832,930	2,970,000	3,147,900	3,223,770	3,147,940
Ratio of total res. to dep. and Federal Res. note liabilities combined	95.0%	84.5%	84.8%	84.9%	84.4%

FEDERAL RESERVE REPORTING MEMBER BANKS In \$'s (000,000's omitted)

	Sept. 16, 1936	Aug. 23, 1937	Sept. 1, 1937	Sept. 8, 1937	Sept. 15, 1937	Sept. 22, 1937
Loans, total	19,654	19,958	19,927	19,041	19,049	19,010
Investments	13,953	12,357	12,292	12,274	12,183	12,036
Reserve with Federal Reserve banks	4,969	5,191	5,186	5,182	5,291	5,440
Due from domestic banks	2,442	1,854	1,836	1,819	1,775	1,746
Due from foreign banks, adjusted	14,910	14,850	14,924	14,811	14,827	14,786
Time deposits	5,031	5,282	5,268	5,260	5,290	5,291
Government deposits	849	590	591	608	606	630
Due to banks	6,343	5,474	5,468	5,499	5,576	5,618

In this item, comparison between May 20, 1937, onwards and preceding weeks is affected by a revision of the statement.

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

	Sept. 28, 1936	Sept. 6, 1937	Sept. 13, 1937	Sept. 20, 1937	Sept. 27, 1937
Gold	19,400	2,801	2,801	2,801	2,801
Sterling exchange	10,833	18,794	18,836	18,836	18,836
Advances to State	2,164	4,479	4,479	4,465	4,465
Investments	2,123	2,908	2,908	2,908	2,908
LIABILITIES					
Bank notes	11,174	12,913	12,914	12,919	12,919
Government deposits	3,898	8,472	8,472	8,472	8,472
Other	7,114	9,165	9,165	9,165	9,165
Ratio of reserves to sight liabilities	88.5%	78.4%	78.9%	78.5%	78.9%

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

	Oct. 2, 1936	Sept. 19, 1937	Sept. 26, 1937	Sept. 23, 1937	Sept. 30, 1937
Gold	57,348,742	55,761,283	55,761,283	55,761,283	55,761,283
Advances on Gold Coin	1,172,428	1,090,156	1,090,156	1,090,156	1,090,156
Commercial bills	7,832,756	8,008,890	8,008,890	8,008,890	8,008,890
Bills bought abroad	1,464,692	8,368,948	8,368,948	8,368,948	8,368,948
Advances on securities	5,634,709	4,661,279	4,661,279	4,661,279	4,661,279
Loans to State without interest: (a) general	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
(b) provisions	12,304,183	20,008,455	20,008,455	20,008,455	20,008,455
Non-interest bearing Govt. Bonds	5,630,780	5,637,303	5,637,303	5,637,303	5,637,303
Banking Fund Dept.	...	...	...	...	...
Other assets (excluding forward exch.)	3,861,591	4,285,830	4,285,830	4,285,830	4,285,830
LIABILITIES					
Notes in circulation	86,026,816	80,389,783	80,389,783	80,389,783	80,389,783
Public deposits	2,129,657	2,312,173	2,312,173	2,312,173	2,312,173
Private deposits	6,616,531	15,313,572	15,313,572	15,313,572	15,313,572
Other liabilities	3,819,874	3,401,670	3,401,670	3,401,670	3,401,670
Ratio of gold reserves to sight liabilities	60.5%	82.1%	81.8%	81.8%	80.9%

From July 29, 1937, based on franc at 43 (against 49) milligrams.

REICHSBANK.—In Reichsmarks (000's omitted)

	Sept. 30, 1936	Sept. 13, 1937	Sept. 20, 1937	Sept. 27, 1937	Sept. 30, 1937
Gold	63,080	70,008	70,032	70,032	70,032
Of which deposited abroad	22,825	20,055	20,055	20,055	20,055
Reserve in foreign currencies	5,803	5,806	5,806	5,806	5,806
Bills of exchange and cheques	4,923,703	4,824,058	4,824,058	4,824,058	4,824,058
Silver and other coin	121,745	188,746	188,746	188,746	188,746
Advances	58,063	33,008	33,008	33,008	33,008
Investments	827,628	403,898	403,898	403,898	403,898
Other assets	573,514	796,418	796,418	796,418	796,418
LIABILITIES					
Reserves	473,561	492,977	492,977	492,977	492,977
Notes in circulation	4,696,961	4,763,213	4,763,213	4,763,213	4,763,213
Other daily maturing obligations	743,511	846,410	846,410	846,410	846,410
Other liabilities	251,802	266,994	266,994	266,994	266,994
Cover of note circulation	1.47%	1.47%	1.47%	1.47%	1.47%

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

	Oct. 5, 1936	Sept. 13, 1937	Sept. 20, 1937	Sept. 27, 1937	Oct. 4, 1937
Gold	960,904	1,263,963	1,263,963	1,263,963	1,263,963
Silver	19,890	18,296	18,296	18,296	18,296
House bills discounted	22,824	10,980	10,980	10,980	10,980
Loans and advances in current account	263,349	179,561	179,561	179,561	179,561
LIABILITIES					
Notes in circulation	790,179	845,511	845,511	845,511	845,511
Deposits	108,778	853,714	853,714	853,714	853,714

BANK OF JAPAN.—In yen (000's omitted)

	Oct. 3, 1936	Sept. 13, 1937	Sept. 20, 1937	Sept. 27, 1937	Oct. 4, 1937
Gold and silver	108,810	132,850	131,610	132,120	133,190
Discounts, advances and other investments	71,870	78,600	78,470	79,710	83,080
Foreign bills	1,910	4,530	4,530	4,700	4,830
Other assets	10,840	71,530	74,480	69,730	71,210
LIABILITIES					
Notes in circulation	158,240	201,840	202,730	198,830	199,180
Deposits and bills payable	23,070	71,800	73,870	72,740	82,960

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

	Sept. 10, 1936	Aug. 31, 1937	Sept. 7, 1937	Sept. 14, 1937	Sept. 21, 1937	Sept. 28, 1937
ASSETS						
Gold	1,533,701	2,343,008	2,367,900	2,377,586	2,426,766	2,391,000
Of which held abroad	1,306,930	1,667,737	1,681,737	1,687,216	1,693,751	1,610,000
Foreign exchange	23,363	201,131	217,011	233,000	243,380	240,000
Advances	149,174	7,011	9,252	9,214	9,720	9,000
Securities	74,911	27,500	27,720	27,161	26,818	27,000
LIABILITIES						
Notes in circulation	1,369,282	1,411,057	1,367,086	1,377,106	1,360,125	1,447,000
Deposits	450,260	1,536,290	1,364,301	1,428,066	1,510,751	1,523,000

† Gold revalued from Oct. 7, 1936. N.H.

Exchange Equalization Fund and

II.—Forward Rates. (Closing quotations)

London on	Oct. 1, 1937 Per £	Oct. 2, 1937 Per £	Oct. 4, 1937 Per £	Oct. 5, 1937 Per £	Oct. 6, 1937 Per £	Oct. 7, 1937 Per £
New York, cent.	1 Month (p)	(p)	(p)	(p)	(p)	(p)
Paris, fr.	1 Month (d)	(d)	(d)	(d)	(d)	(d)
Amsterdam, c't	1 Month (p)	(p)	(p)	(p)	(p)	(p)
Brussels, cent.	1 Month (d)	(d)	(d)	(d)	(d)	(d)
Geneva, cent.	1 Month (p)	(p)	(p)	(p)	(p)	(p)

* Approximate. (p) Premium, i.e. "under spot." (d) Discount, i.e. "over spot."

THE NEW YORK MONEY AND EXCHANGE RATES

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

	Oct. 7, 1936	Sept. 8, 1937	Sept. 15, 1937	Sept. 22, 1937	Sept. 29, 1937	Oct. 6, 1937
Call money	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
Time money (90 days' mixed coll.)	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
Bank acceptances—eligible, 90 days	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
Non-mem.—eligible, 90 days	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
Commercial accept., 90 days	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4

Rates of Exchange, New York on—	Par Level	Oct. 7, 1936	Sept. 22, 1937	Sept. 29, 1937	Oct. 6, 1937
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London— 60 days	Dollars for £1	Old par	4-8866	4-9418	4-9418	4-9456
Cable		New par	4-8962	4-9506	4-9506	4-9543
Cheques			4-8997	4-95	4-95	4-9537
Paris, cheques	Cents for 1 franc	6-63	4-67	3-4187	3-42	3-291
Switzerland	Cents for 1 franc	32-87	16-83	16-835	16-845	16-853
Italy	Cents for 1 lira	8-91	5-26	5-26	5-26	5-26
Berlin	Cents for 1 mark	40-33	40-22	40-13	40-13	40-175
Vienna	Cts. for Austrian shg.	23-82	18-81	18-88	18-88	18-88
Madrid	Cents for 1 peseta	32-67				
Amsterdam	Cents for 1 guilder	68-06	53-35	55-23	55-30	55-30
Copenhagen			21-89	22-105	22-105	22-12
Oslo			24-605	24-88	24-88	24-90
Stockholm			25-25	25-33	25-33	25-35
Athens	Cents for 1 drachma	1-29	0-90	0-91	0-90	0-91
Montreal	Cents for Can. \$1	169-31	100	100	100	100
Yokohama	Cents for 1 yen	84-40	28-64	28-875	28-875	28-89
Shanghai	Cents for 1 dollar		29-62	29-93	29-85	28-75
Calcutta	Cents for 1 rupee	61-80	37-03	37-40	37-40	37-44
Buenos Aires	Cents for 1 peso		32-62	30-71	30-70	30-73
Rio de Janeiro	Cents for 1 milreis	11-96	8-25	8-34	8-34	8-35

THE BANK OF LONDON AND SOUTH AMERICA, LTD., has received telegraphic advice from Valencia that the gold surcharge for payment of Spanish customs duties has been fixed for the period October 1st to 10th at 205.91 per cent. The previous rate was fixed as from September 21st at 201.61 per cent.

Overseas bank rates and exchange rates for South Africa, Central and South America and Australasia appeared in last week's issue on page 45.

GOLD AND SILVER

The following statistics of imports and exports of gold and silver for the week ended October 7, 1937, are issued by the Statistical Department of H.M. Customs and Excise.

IMPORTS AND EXPORTS OF GOLD (Into and from United Kingdom)

Imports			Exports		
From	Bullion*	Coin†	To	Bullion*	Coin†
	£	£		£	£
British S. Africa	1,942,700	...	Palestine	...	2,000
Tanganyika	7,536	...	Anglo-Egyptian	...	...
British India	16,282	...	 Sudan	2,100	200
New Zealand	49,863	...	Finland	23,590	...
Germany	635,422	...	Germany	3,015	...
Netherlands	...	110,020	Netherlands	963,666	{
Belgium	1,638,999	...	 Luxembourg	...	6,150
France	72,933	{ 5,467	 France	53,960	2,500
Switzerland	...	477	 Syria	...	77,933
Venezuela	31,500	19,781	 Switzerland	35,342	28,161
Other countries	1,041	1,011	 Yugoslavia	407,333	28,161
			 U.S.A.	88,400	67
			 Central and South America	1,001,815	15,855
			 Other countries	350	...
Totals	4,596,076	{ 115,487 21,269	Totals	2,579,871	{ 111,988 48,227

* At current market value. † Coin which is of legal tender in the United Kingdom is entered at face value and shown in italics. Other coin is entered at current market value.

IMPORTS AND EXPORTS OF SILVER

Imports			Exports		
From	Bullion*	Coin†	To	Bullion*	Coin†
New Zealand	£ 2,557	£	Sweden	£ 4,000	£
Germany	982	.....	Denmark	3,682	.....
Belgium .....	.....	231	Netherlands	1,450	.....
France .....	.....	116	France	17,105	2
Japan	22,346	.....	Portugal	1,213	.....
Other countries ...	.....	1,000	U.S.A.	84,360	.....
			Central and South America	303	.....
			Other countries ...	685	341
Totals	25,885	{ 1,231 116	Totals	112,778	{ 341

* At current market value. † Coin which is of legal tender in the United Kingdom is entered at face value and shown in italics. Other coin is entered at current market value.

No gold movements were reported at the Bank of England between October 1st and 7th. Details of previous movements were given in last week's issue on page 46.

GOLD MARKET

Messrs. Samuel Montagu and Company write on October 6, 1937:—The Bank of England gold reserve against notes amounted to £326,406,625 on September 29th, showing no change as compared with September 22nd.

Refugee capital which for years has been seeking sanctuary from the dangers of devaluation is once again "taking cover" in gold, which it forsook so precipitately during the gold scare earlier this year. The very strong demand for holding purposes has raised prices at "fixing" as high as 3d. over the arbitrage parity for shipment to New York, and after fixing deals have shown even wider premiums. About £4,600,000 has been dealt in at the daily fixing during the week, and large amounts have been done after fixing.

The s.s. "Strathnaver," which sailed from Bombay on October 2nd, carries gold to the value of about £285,000.

SILVER MARKET

The market has ruled quiet. Offerings have been somewhat smaller in volume and modest American commercial demand, together with Continental purchases and some bear covering, have sufficed to absorb them and to impart a slightly steadier tone. India has sold on balance and speculators have resold whilst there have also been some sales on China account.

Prices, October 6th, at 194d. for cash and 19 1/4d. for forward are, respectively, the same as, and 1/4d. above those of a week ago.

News of the large shipments of silver now being made from Hongkong to London has been quietly received and with the technical position now greatly improved prices would probably respond readily to any renewal of demand from India. Such a renewal may perhaps be expected fairly soon after the close of the monsoon season.

Quotations for gold and silver are shown below:—

1937	Price of Gold per Fine Ounce	Equivalent Value of £ sterling	Price of Bar Silver in London per ounce standard	Price of Silver New York per ounce fine
			Cash	Two Months
Sept. 30	140 7 1/2	12 0 99	19 1/2	19 1/2
Oct. 1	140 7 1/2	12 0 99	19 1/2	19 1/2
" 2	140 6 1/2	12 1 12	19 1/2	19 1/2
" 3	140 6 1/2	12 1 07	19 1/2	19 1/2
" 4	140 8	12 0 95	19 1/2	19 1/2
" 5	140 7 1/2	12 0 99	19 1/2	19 1/2
Average	140 7 1/2	12 1 02	19 875	19 771
Oct. 7	140 6 1/2	12 1 07	19 1/2	19 1/2

The highest rate of exchange on New York recorded during the period from September 30th to October 6th was \$4.95 1/2, and the lowest \$4.94 1/2.

Statistics for September, 1937:—

	Cash delivery	Two months' delivery	Par Gold
Highest price	20d.	19 1/2d.	140s. 7 1/2d.
Lowest price	19 1/2d.	19 1/2d.	140s. 0 1/2d.
Average	19 889 1/2d.	19 802 1/2d.	140s. 4 38d.

APPOINTMENTS AND PERSONAL

Colonel Norman Kennedy, D.S.O., T.D., Doonholm, Ayr, has been appointed an ordinary director of the Bank of Scotland.

Mr H. A. White has been appointed chairman of Marconi's Wireless Telegraph Company in succession to Lord Inverforth, who was elected president. Mr White has also been appointed chairman of Marconi International Marine Communication Company in succession to Lord Pender, who was elected joint president.

Mr Henry John Gardiner has resigned from his directorship of the Atlas Assurance Company, and to fill the vacancy the directors have appointed Mr Cecil Hugh Falloon.

Mr Edward L. Heyburn has been appointed secretary of Industrial and General Trust and of Second Industrial Trust, in succession to Mr C. H. Thomas.

Mr William Piercy is retiring from partnership with Messrs Capel-Cure and Terry on October 18th and has become a partner with Messrs Fern and Crothwaite as from June 20, 1937.

Mr R. N. Davies has been appointed a director of the Rio de Janeiro City Improvements Company.

The Hon. D. Montagu has resigned his seat on the board of Cater & Company, and Mr Thomas Loel Evelyn Bulkeley Guinness has been appointed a director.

OTHER STATISTICS

DIVIDEND ANNOUNCEMENTS

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

Name of Company	* Interim or Final	Date of Payment	Comparison with Last Year	Total Latest Year	Previous Year
RAILWAYS					
Barranquilla Railway	...	Oct. 7	...	...	...
Buenos Aires Great Southern 3%	...	...	...	5	1
Non-cum. Pref.	...	...	...	3	Nil
Do. 6% Non-cum. Pref.	...	...	...	5	5
Buenos Aires Western 5% Pref. Stk.	...	Nov. 5	...	3 1/2	1
Do. 4 1/2% Pref. Stk.	...	Nov. 5	...	...	...
INSURANCE					
Atlas Assurance	13/6 ps	Oct. 30	Same	...	...
Economic Insurance	12 1/2%	Nov. 15	Same	...	...
Liverpool & London & Globe Ins.	13/6 ps	Nov. 15	Same	...	...
Royal Exchange Assurance	11 1/2%	Nov. 6	Same	...	...
Royal Insurance	3/3 ps	Nov. 15	Same	...	...
TEA AND RUBBER					
Batu Katak Rubber	7 1/2%	...	...	10	3 1/2
Dickella (Ceylon) Rubber	8%	Oct. 15	...	...	...
Eastern Produce and Estates	5%	...	2 1/2%	...	...
Galapitakande (Ceylon) Estates	...	Oct. 20	...	5	5
Heavea (Johore) Rubber	6%	...	...	10	3 1/2
Jong-Landor Rubber	...	...	...	...	...
Lindoola Tea	2 1/2%	Oct. 15	Same	...	...
London Asiatic Rubber	5%	Oct. 29	Nil	...	...
Lubok Rubber	5%	Oct. 15	4%	...	...
Malakoff Rubber	5%	Oct. 23	Nil	...	...
Mapalagana Rubber	...	...	...	4 1/2	Nil
Mayfield (Dumblula) Tea	4%	Nov. 1	3%	...	...
Moolaya Estates	5%	Nov. 1	3%	...	...
North Plantations	...	...	...	7 1/2	...
Nagole (Ceylon) Rubber, etc.	2 1/2%	Oct. 26	Nil	...	...
New Haysop Rubber	...	...	...	10	2 1/2
Razalla Tea	4%	Oct. 21	2 1/2%	...	...
Rani Travancore Rubber	2 1/2%	Nov. 4	...	...	...
Scottish Malayan Estates	3 1/2%	Nov. 10	2 1/2%	...	...
Singapore Para Rubber	...	...	...	10	5
South Malay Rubber	...	...	...	5	Nil
Standard Tea (Ceylon)	5%	Oct. 30	Same	17 1/2	22 1/2
Strathista (Perak) Rubber	...	...	...	15	2 1/2
Tanjong Malim Rubber	...	...	...	9	...
Teo-rangie Rubber	7 1/2%	Oct. 19	Nil	...	...
Velikelle Tea	2 1/2%	Oct. 15	Same	...	...
MINING					
Electrolytic Zinc of Australasia	...	...	...	17 1/2	10
Pref. and Ord.	...	...	...	...	...
Minerals Separation	20%	Oct. 28	10%	50	40
Pahang Consolidated Ord.	30%	Nov. 3	20%	...	...
Do. Pref.	11 1/2%	Nov. 3	Same	15	15
Rhodesian Anglo-American	8 1/2%	Nov. 22	...	15	5
Rhodesian Selection Trust	6%	Nov. 8	First div.	10	Nil
Southern Kinta Consolidated	6%	Oct. 28	4%	...	...
Temoh Tin	12 1/2%	Oct. 30	10%+	15	17 1/2
Do.	5%	Oct. 30	...	...	...
OTHER COMPANIES					
Access Investment	...	...	...	7 1/2	7
African City Properties Trust	4%	Nov. 2	Same	...	...
Anglo-American Debenture	4%	Nov. 1	3 1/2%	...	...
Armstrong Stevens	...	Nov. 3	First	16 1/2	...
Babcock and Wilcox	4%	...	First	5	Nil
Balkis (Deferred)	...	...	First	...	...
Bristol Evening Post	5%	...	Same	...	...
British Nylonite	28%	Oct. 30	Same	...	...
Bryant and May	10%	Oct. 30	Same	...	...
Buenos Aires Tramways	...	...	...	3	2
Burnah Oil	5%	Nov. 5	Same	...	...
Burt, Boulton and Haywood	4 1/2%	...	...	7	5
Calcutta Tramways	3%	Nov. 1	Same	...	...
Caribonum Trust	1%	Oct. 15	Same	...	...
Castle Brothers (Furniture)	7 1/2%	Nov. 1	Same	10	10
Colombo Gas, etc.	5%	Oct. 19	Same	...	...
Cook (James V.) and Company	2 1/2%	Oct. 16	First	10	10
Crowther (John) and Sons	...	...	First	...	...
Doxford (William) and Sons	...	Nov. 1	First	...	...
Eastons, Ltd.	(c) 7 1/2%	...	Same	(c) 15	15
English Sewing Cotton	2 1/2%	Nov. 9	Same	...	...
Erinoid	5%	...	6%	8	10
Ferranti, Ltd.	...	...	...	6	6
First Co-operative Investment	1%	Sept. 30	Same	...	...
Foreign American and General	...	...	...	...	...
Investments Deferred	1 1/2%	Oct. 20	Same	...	...
Gallaher, Ltd.	7 1/2%	Oct. 28	5 1/2%	...	...
Handley Page, Ltd.	10%	Oct. 28	Nil	...	...
Hawker Aircraft	...	Nov. 13	...	17 1/2	...
Hoffman Manufacturing	10%	Oct. 13	6%	...	...
Hong Kong and China Gas	Nil	...	3%	...	...
Horlicks	6%	...	...	...	...
K & L Timbers	12 1/2%	Nov. 23	First	8	...
Kitchen and Wade	...	...	...	...	...
Lambert Brothers	...	...	...	9 1/2	5
Longmore-Glenlivet Distilleries	...	...	...	30	25
Marston Valley Brick	7 1/2%	...	Same	...	...
Northern General Transport	4%	...	Same	...	...
Perak River Hydro-Electric Power	...	...	...	(c) 7	6
Portsmouth Newspapers	7 1/2%	Oct. 19	Same	...	...
Pressed Steel Company	(s) 14%	Oct. 8	10%	...	...
Ribble Motor Services	4%	Oct. 7	Same	...	...
Rich (E.) and Company	...	...	...	11	1 1/2
Simons and Company	...	...	...	2 1/2	4
Singapore Traction	2 1/2%	Oct. 19	Nil	...	...
Sneyd Collieries	15%	...	12 1/2%	17 1/2	15
Somers Collieries	1%	...	Same	...	...
Stock Exchange	65 ps	...	Same	...	...
Sun Cycle and Fittings	...	Oct. 29	...	12 1/2	10
Tub Investments	12 1/2%	Nov. 1	Same	12 1/2	12 1/2
United Dairies	6 1/2%	Nov. 1	First	15	...
Viking Tanker Company	...	...	...	...	...
Ward (George) Barwell	10%	Nov. 1	First	...	...
Watford Electric, etc.	5%	...	...	...	...
Westall Moultons	6 1/2%	Oct. 15	Same	...	...
Wickliffe (C. Barker)	4%	Oct. 30	Same	...	...
Williams (Ben) and Company	2 1/2%	Oct. 11	First	...	...

(s) Paid on a larger capital. † Free of income tax. (c) Also bonus of one ordinary share for each 20 ordinary shares held out of capital reserve.

BABCOCK AND WILCOX.—Interim ordinary dividend is maintained at 4 per cent. BURMAH OIL COMPANY.—Interim dividend on the ordinary shares maintained at 5 per cent.

DUNLO

The position of ordinary shareholders would not be altered, though amalgamation in England would be an advantage.

GUARANTY TRUST COMPANY.—The statement as at September 30th shows deposits at \$1,528,130,338 (against \$1,619,256,428 on September 30, 1936) and total resources at \$1,852,543,514 (against \$1,953,014,382). Cash, etc., stands at \$511,167,649 (against \$439,797,700), U.S. Government obligations at \$530,451,391 (against \$750,329,192), and loans and bills purchased \$679,155,536 (against \$603,577,723). Capital and surplus are unchanged at \$90,000,000 and \$170,000,000 respectively, and undivided profits are \$10,657,925 (against \$8,070,734).

LONDON EXPRESS NEWSPAPER.—Trading profits for year to June 30, 1937, amounted to £210,083, compared with £211,528. A sum of £50,000 is again deducted for depreciation and £10,000 for tax. Interest on loans, etc., reduced from £1,822 to £151. Net profit was £273 higher at £146,594. Dividend of 10 per cent. on ordinary shares, leaving £95,115 to carry forward, compared with £94,322.

ANGLO-TRANSVAAL CONSOLIDATED INVESTMENT COMPANY.—Net profit for the year to June 30, 1937, amounted to £302,586. Brought forward £393,106, making available £695,693. To reserve, £100,000, £150,000 to reserve for options, etc., and £25,000 for taxation. Two dividends, aggregating 100 per cent., absorbed £150,000. Carry forward £270,693.

THE FINANCIAL NEWS.—Net profit for year to June 30, 1937, £56,930, against £50,207, after £2,662, against nil, for tax and N.D.C. Amount available is £130,961, against £100,325. Ordinary dividend 10 per cent., as before, plus 10 per cent. bonus, against 5 per cent. To reserve £8,260, against nil; to reserve for libel, £926, against nil. Forward £90,228, against £74,031.

PERAK RIVER ELECTRIC.—Accounts for year to July 31, 1937, show net revenue of £339,753. This compares with £264,543 (after £40,000 depreciation). To depreciation account, £68,104, against £15,340. A non-recurring charge £16,000, against net revenue for prior lien debenture stock interest, £8,000 for staff pension fund. Ordinary dividend raised from 6 per cent. to 7 per cent. payable on a capital enlarged by the issue

last March of 358,041 new shares. There were also then issued 350,000 new preference shares. Carry forward is £8,908.

BORNEO COMPANY, LTD.—Profit for year to March 31, 1937, £76,522, compared with £20,538 a year ago, which was raised to £33,467 by a transfer of £12,929 from teak reserve. Two years' preference dividend to August 4, 1934, is to be paid, requiring £44,933. To reserve £14,000, against nil. Carry forward £23,304.

ROVER COMPANY, LTD.—Profits for year to July 31, 1937, amounted to £304,968, against £219,375. Increased allowances for depreciation and maintenance, and after £50,000, against nil, for tax and N.D.C., the amount earned for dividend is up from £127,782 to £139,563. Distribution for the year is raised from 10 per cent., tax free, to 17½ per cent., less tax, and the general reserve transfer is maintained at £50,000. New issue expenses take £1,142, leaving carry forward at £49,368.

INSTITUTE OF CHARTERED ACCOUNTANTS.—The autumnal conference of the Institute opened at Liverpool on Tuesday, October 5th, and concluded on Thursday with a luncheon on board the "Laconia." Mr Frank Lindsay Fisher presided at the opening meeting. In his address he discussed the function of the Institute in the accountant's training. In commenting on recent events of professional interest, he referred to the introduction of N.D.C. and the honesty of the British taxpayer. Papers were read by Mr H. M. Barton on "Pitfalls in the path of a professional accountant"; by Mr Frederick Cook on "Cotton importing finance and marketing."

"KEYSTONE" GROUP OF UNIT TRUSTS.—British Industrial Corporation have issued a statement referring to Mr. F. Lindsay Fisher's address to the Institute of Chartered Accountants, in which he suggested that sales by sub-unit holders prompted by a declining market would depress market values through managers having to sell underlying securities. The Corporation state that in September not one share was sold on the Stock Exchange, that their sales of sub-units were nearly ten times in volume the amount of repurchases and that underlying securities for those sales had been bought.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Diven- ture Interest	Amount Available for Distri- bution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Deprecia- tion, etc.	Balance Forward	Net Profit	Divi- dend
					Prefce.	Ordinary					
					Amount	Amount	Rate				
Breweries and Distilleries		£	£	£	£	£	%	£	£	£	%
Longmorn-Glenlivet Distils.	July 31	19,045	9,640	28,685	750	4,500	30½	2,800	20,635	8,299	25½
Electric Lighting, etc.											
Perak River Hydro-Electric	July 31	4,380	273,153	277,533	53,750	91,875	7	123,000	8,908	195,709	6
Coal, Iron and Steel											
Armstrong, Steven and Son	Aug. 31	...	(n)27,085	27,085	...	12,513	16½	9,000	5,572	(a)	(a)
Kayser, Ellison and Co.....	June 30	14,885	104,171	119,056	6,000	43,750	17½	53,000	16,306	56,474	12½
Laycock Engineering Co.	June 30	6,291	13,417	19,708	...	8,750	5	...	10,958	10,103	5
Parsons Marine Steam	June 30	32,942	36,654	69,596	...	21,128	10	15,000	33,468	16,113	7½
United Steel Companies	June 30	570,491	1,850,330	2,420,821	...	565,148	8½	1,281,609	574,064	1,378,587	7½
Financial Land, &c.											
Borneo Company	Mar. 31	23,042	59,195	82,237	£44,933	...	...	14,000	23,304	9,223	Nil
Clarendon Property	July 31	12,037	24,979	37,016	14,538	11,325	5	...	11,153	28,153	6
Motor Cycle and Aviation											
Austin Motor	July 31	373,955	805,577	1,179,532	73,234	{ 112,500	20(d)	457,046	303,330	718,573	{ 20(a)
Rover Company	July 31	42,847	302,969	345,816	...	233,422	50					214,547	49,369	217,375	50
Lucas (Joseph)	Aug. 7	66,628	348,798	415,426	10,474	81,900	17½	115,000	69,385	318,142	10½
Rubber											
Bantardawa	June 30	...	(s)4,071	4,071	...	2,598	5	1,000	473	(a)	(a)
British Borneo Para	Apr. 30	Dr. 5,423	3,258	Dr. 2,165	...	...	...	...	Dr. 2,165	Dr. 267	Nil
Brooklands Selangor	June 30	14,551	24,409	38,960	...	21,875	12½	2,500	14,585	13,551	7½
Kamuning (Perak)	June 30	27,493	34,075	61,568	...	25,125	12½	10,000	26,443	22,539	10
Sungkap Para	June 30	4,745	10,599	15,344	...	8,400	12	2,693	4,251	5,976	7½
Shops and Stores											
Howards (Newcastle).....	July 31	...	(d)16,826	16,826	3,080	5,250	10	5,955	2,541	(a)	(a)
Tea											
Gudalur (Nilgiri)	June 30	Dr. 9,108	Dr. 404	Dr. 9,512	...	...	...	...	Dr. 9,512	Dr. 1,238	Nil
Trusts											
Staveley Trust	July 31	2,308	35,659	37,967	...	25,764	7½	5,000	7,203	29,706	7½
Other Companies											
Associated Fire Alarms.....	June 30	1,615	4,363	5,978	...	2,574	6	1,500	1,904	...	...
Associated Piano Co.....	Mar. 31	11,625	16,460	28,085	9,112	...	...	...	18,973	16,229	Nil
Batchelor's Peas.....	June 30(b)	43,360	43,360	10,089	...	20,000	10	2,074	11,197	(a)	(a)
Brooks Wharf and Bull											
Wharf	June 30	12,895	10,509	23,404	8,900	...	...	879	13,625	13,958	2½
Burt, Boulton and Haywood	June 30	5,483	94,295	99,778	7,941	28,147	7	54,253	9,437	71,050	5
Clyde Paper Company	June 30	9,083	101,296	127,380	16,875	30,000	10	55,340	8,165	102,940	10
Crown Flour Mills	Aug. 31	2,159	12,384	14,543	...	3,355	2	...	11,188	2,159	Nil
Eastwoods Lewes Cement...	June 30	4,335	17,813	22,148	...	13,438	12½	4,000	4,710	15,083	12½
Financial News	June 30	74,031	56,930	130,961	10,538	21,008	20	9,186	90,229	50,207	15
Gaumont-British Picture ...	Mar. 31	147,021	280,096	427,117	178,750	...	...	(h) 216,414	31,953	467,088	Nil
George Wilson Gas Meters ..	June 30	...	6,874	6,874	752	3,750	10	...	2,372	(a)	(a)
Horlicks, Ltd.	Mar. 31	9,044	(n)245,506	254,550	...	99,125	(v)	136,227	19,198	(a)	(a)
Hutchinson and Company...	Dec. 31	29,948	25,098	55,046	27,700	3,250	2½	...	24,096	45,869	2½
London Express Newspaper	June 30	94,322	205,593	300,915	105,000	40,800	10	60,000	95,115	206,321	10
McCarthy, Rodway, Ltd.	June 30	...	42,477	42,477	...	31,500	20	10,000	977	(a)	(a)
Murex, Ltd.	June 30	33,362	370,423	403,785	3,500	149,997	20	140,174	110,114	271,162	25(a)
Murray (D. and W.)	July 19	...	43,202	43,202	18,750	13,528	3	...	10,924	33,496	Nil
Sentinel Waggon Works ..	July 31	...	Dr. 13,024	Dr. 13,024	...	...	...	...	Dr. 13,024	(a)	(a)
Tebbit Brothers	June 30	5,780	5,044	10,824	...	3,933	3½	505	6,386	3,006	2½
Thomas Smith's Stamping	July 31	17,749	25,101	42,850	...	18,750	10	...	24,100	19,530	7½
Tuck (Raphael) and Sons ...	Apr. 30	2,935	977	3,912	13,750	...	...	Dr. 10,000	162	4,798	Nil
Wake and Dean	June 30	3,204	15,005	18,209	...	9,900	9	4,000	4,309	(a)	(a)
Walker (S.) Goldsmith, etc.	June 30	20,779	17,435	38,214	...	...	...	10,048	28,166	16,314	Nil

(a) No comparable figure. (b) 11½ months. (c) Represents payment of preference dividend for two years to August 4, 1934. (d) Eighteen months. (e) Absorbed £105,511. (f) After providing for producing, etc., subsidiaries' losses £566,809, and after transferring £435,278 from reserve. (g) Fifteen months. (h) Six months. (i) Preferred ordinary stock. (j) Rate not stated.

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

Quotations for many important primary products continued their headlong decline this week. But even at the lower level of prices there was little evidence of an increase in consumers' purchases. Consumers' stocks of many materials are now fairly low. Nevertheless, they continue to cover only immediate requirements in anticipation of a further fall in prices, partly owing to unfavourable business news from the United States and partly because of the deterioration of the international political situation. And, as supplies of many materials are now increasing, there is little likelihood of a resumption of large-scale buying in the near future.

The decision of copper producers to resume the restriction of output has failed to arrest the fall in prices. Actually, copper, lead and spelter this week touched the lowest levels this year. Current tin prices are the lowest since last February, in spite of a further reduction in the world's visible supplies during the past month. Rubber was again marked down, and textile raw materials were generally cheaper. Wheat, after advancing in recent weeks against the general trend, was also quoted lower at Liverpool, in spite of the continued scarcity of available supplies, revealed by a substantial reduction in world shipments compared with a year ago. Raw sugar followed the general downward trend.

In contrast, the market in provisions and meat was generally steady. Butter was again marked up, cheese was firm, and hams were dearer.

The general trend of quotations for primary products in the United States was also downwards. Moody's index of the prices of staple commodities (December 31, 1931 = 100) declined from 185.4 to 177.1 during the week ended last Wednesday, against 193.5 a month ago and 183.4 a year earlier. The whole of the advance over the year has thus been lost by the headlong fall of recent weeks.

COAL

SHEFFIELD.—Output of coal is increasing to meet the still growing industrial demand. Household fuel is steady, after a quieter demand due to the late spell of warmer weather. All grades of coke are readily taken up, and the rise of half-a-crown per ton for large patent oven coke and all sizes of graded coke which came into operation at the beginning of the month in the area of the Midland Amalgamated District has had no hampering effect on sales. On the export market conditions are fairly steady. Supplies for prompt shipment are not easy to obtain.

NEWCASTLE-ON-TYNE.—Whilst enquiry for Northumberland steam coal from home consumers has been slightly more active, this market is very quiet, with the exception of graded fuel, and prompt trade for large section continues firm; demand is as brisk as ever for manufacturing coals, and all collieries are comfortably stemmed. The Durham and inclined to harden further with the approach of winter.

GLASGOW.—The Scottish coal trade is still experiencing a lull in regard to the shipping demand, and as a result prices here and there are showing an easier trend. This applies especially to the Fife and Lothians districts. The Lanarkshire and Ayrshire collieries, with the benefit of a larger domestic trade, are more favourably placed. Most sizes of nuts are now freely offered, and in Fife third steam and most sizes of Scotch coal realised a profit of 1s. 4.74d. per ton, compared with 1s. 1.84d. per ton in August last year. Output showed little change at 2,601,930 tons, while realised pit-head prices rose from 12s. 5.23d. to 14s. 1.77d. per ton. Production costs were up from 11s. 3.41d. to 12s. 9.03d. per ton.

CARDIFF.—Coal shipments continue active at the South Wales ports. Last week they were between 40,000 and 50,000 tons below the weekly average total for the previous month, but there has been a sharp recovery this week, when daily loadings have exceeded 100,000 tons. Exports are almost entirely on contract account, and the provisional output quota for the December quarter is 10,200,000 tons, or about 5 per cent. above the original allocation for the corresponding period of last year. Coal prices are unchanged except to the extent of the addition as from October 1st on rail-borne coal of an amount equal to the 5 per cent. increase on conveyance rates, siding rents, demurrage on wagons, and other railway charges. Coke continues very scarce and firm, and patent fuel exports are slightly less active, with quotations firm; while Portuguese pitwood is a shade easier at 26s. 8d. to 27s. 6d. ex ship. It is understood that the suspension of the trade share provisions of the Central Control Selling Schemes, originally fixed for the period April to September, is being temporarily continued with the approval of the Mines Department of the Board of Trade.

IRON AND STEEL

LONDON.—The weekly report of the London Iron and Steel Exchange indicates that there is no relaxation in the pressure from consumers to secure delivery against contracts and that the whole of the production of the steelworks is passing at once into consumption. These conditions are likely to rule for some months to come and the majority of un-executed orders on their books. In these circumstances the volume of new business is naturally restricted, since neither makers nor consumers are anxious to add to the present congestion. In the pig iron market a more comfortable situation exists than for a long time past. The heavy home production, reinforced by considerable imports of steelmaking iron, has eased steelmakers' anxieties, and the output of British foundry iron now appears sufficient to meet the requirements of the consuming industries.

Stringent conditions continue to rule in the semi-finished steel section of the market, and although the production of the British works is pressed to the utmost it is still not large enough to supply the quantities needed by users. Imports from the Continent against the quota, however, appear to be increasing and should help to ease the situation.

The demand for finished steel is unabated; but it is almost impossible to find a works in a position to accept business for delivery before the end of this year. New business is quiet with overseas markets, but considerable deliveries are being made against old contracts.

MIDDLESBROUGH.—In the local pig iron market there is little opportunity for new business. Producers are fully sold to the end of the year. Local foundries continue to receive rationed supplies of foundry pig iron which, with the importations from the Continent, are sufficient for present requirements. East Coast hematite is being supplied to local and Midland consumers under existing contracts, and further quantities are being released for export. There have been no alterations in pig iron prices. It is an indication of the trend of events that the price of Scottish foundry pig iron has been advanced by 5s. per ton.

Rather better supplies of semi-manufactured steel have been received by re-rollers both from home producers and from the Continent, but consuming works have no stocks and would welcome larger deliveries. The reduction in the shipments of manufactured steel to the Far East, mentioned above, has not had any material effect on the position; conditions remain the same, producers having sold their output over the next few months and are running their plant at high pressure in order to reduce arrears on existing contracts.

Good Durham blast furnace coke is firm at 42s. per ton, delivered at the furnaces here, whilst foreign ore business is spasmodic with prices governed chiefly by current freights. The rate of freight paid recently from Bilbao to Middlesbrough is 13s. 6d. Heavy steel scrap is in good demand and official prices, which are unaltered, remain as follows:—69s. per ton for No. 1 quality, and 67s. per ton for No. 2 quality, delivered at the works.

SHEFFIELD.—Conditions in the iron and steel market have undergone little change this week. There is plenty of inquiry for both foundry and forge iron, but makers are too heavily committed to the end of the year to add to their contracts, and with hardly anything for current disposal odd lots for immediate delivery are few and far between. Deliveries are still in arrears, but the delays are less pronounced. Although quotations were expected to remain unchanged over the remainder of the year, there is talk of early revision in view of sharply rising costs. Business in East Coast hematite had become rather easier to arrange, but the pressure by consumers to fix up contracts is causing makers to hold off to some extent. There is not much doing in West Coast hematite, of which there is a distinct shortage. Bar iron makers are well booked and are not seeking further orders for the present. Some imported bars are available, but the price hampers sales. Basic and acid steel billets are in as heavy demand as ever, and the call for wire rods, stainless steel and steel strip is such that it cannot be fully met. High-speed steel prices are rising. This material in scrap form is fetching at least £100 per ton.

GLASGOW.—Steelmakers are still unable to meet all the demands made upon them, although output is passing into the hands of users almost as quickly as produced. There is continual pressure from consumers for supplies, and makers are unable to entertain all the business offering on account of the already congested state of order books. Whilst recently there has been some improvement in deliveries of semis to West of Scotland users, who seemed assured of regular supplies for some little time at least, there is at the moment some uncertainty concerning deliveries of near future supplies. This is causing re-rollers considerable anxiety, for programmes have been arranged and orders accepted on the assumption that supplies would be available in sufficient quantity to keep such plant as has been in operation fully employed. There is a steady demand for all classes of finished material, and in the manufacturing industries new business is plentiful.

CARDIFF.—Business in the South Wales iron and steel trades continues active. In the tinplate industry production is being well maintained. The latest official returns show an output equal to 77.18 per cent. of allotted capacity. Future commitments are heavier than they were at the corresponding period last year, but prices both for inland and export are unchanged. Galvanised sheets are quoted at £18 15s. per ton for foreign shipment, and steel bars at £7 15s., delivered. Exports of tinplates at Swansea last week totalled 7,300 tons, compared with 9,595 tons the previous week, and 6,090 tons in the corresponding week last year.

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Agencies in: New York, Manchester, Bradford

MEAT.—At Smithfield Market, on Wednesday last, Argentine chilled beef was quoted at 4s. 2d. to 4s. 8d. per 8 lbs., as compared with 4s. 4d. to 4s. 8d. a week ago. New Zealand frozen mutton was 3s. 4d. to 4s. 2d. per 8 lbs., as against 3s. 4d. to 4s. 2d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 8,521 tons, a decrease of 1,195 tons on the corresponding week last year. Beef and veal accounted for 4,548 tons, mutton and lamb 2,185, and poultry 1,788.

RUBBER.—The market has again been weak, and prices have further declined. Apart from the general uncertainties of the international political outlook and the *malaise* of the stock markets, there are fears of a decline in industrial activity. Meanwhile, it is understood that the next meeting of the International Rubber Regulation Committee has been provisionally fixed for November 30th, though it is possible, in view of the further fall in prices, that an earlier meeting may be convened. The spot price in New York on Wednesday was 16½ cents per lb., compared with 17½ cents per lb. a week ago and 19½ cents a month ago. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 7½ p. per lb., as against 8½ d. on the corresponding day last week. In foreign positions business has been done at 7½ d. to 8½ d. for "November" shipment, as against 8½ d. to 8½ d. a week ago. Stocks in London and Liverpool at the end of last week totalled 47,789 tons, against 49,950 tons a week earlier. A year ago stocks amounted to 103,015 tons.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM: LONDON, October 6th

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

CEREALS AND MEAT				POTATOES—				WOOL—				INDIGO—			
GRAIN, Etc.—				King Edward (per cwt.)				English Southdown, greasy, per lb.				Cape			
Wheat—				Other English.....				" Lincoln hog, washed				Dry and Drysalted Cape			
No. 2, N. Man. 496 lb.	58 3							Queensland, scd. super cmbg.				Market Hides, Manch'tr			
Eng. Gaz. av., per cwt.	12 2							N.S.W. greasy, super cmbg.				Best heavy ox and heifer			
Barley, Eng. Gaz. av.	12 2							N.Z., grey, half-bred 50-56				Best cow			
Oats	8 6							Crossbred 40-44				Best calf			
Maize, La Plata, landed	30 0														
480 lb. Lon. stan. ex mill	39 9														
Flour, Lon. stan. ex mill	10 1½														
Rice No.2 Burma, per cwt.	10 1½														
MEAT—				SPICES—				Tops—				LEATHER—			
Beef, per 8 lbs.				Pepper, per lb.				Merinos 70's average				Sole Bends 8/14 lb.—			
English long sides				Black Lampong.....				64's				per lb.			
Argentine chilled hinds				White Muntok.....				Crossbred 48's				Bark Tanned Sole.....			
Mutton, per 8 lbs.				Cinnamon—1st sort, per lb.				48's				Shoulders fm DS Hides			
English wethers				Cloves—Zanzibar, per lb.				" 46's				Do. Eng. or WS do.			
N.Z. frozen				Ginger—per cwt.								Do. Eng. or WS do.			
Lamb, per 8 lbs.				African								Belles from DS do.			
N.Z. frozen				Jamaica, ord. to good								Do. Eng. or WS do.			
Pork, English, per 8 lbs.				Mace								Dressing Hides			
				Nutmegs, 65's.....								Ro. Eng. Calif. 20/30 lb.			
												Aust. Bends Avg. 7/1 lb.			
OTHER FOODS				SUGAR—				MINERALS				IRON AND STEEL—			
BACON—				(Duty, 11/8 per cwt.)				Welsh, best Ad'ty...ton				Pig, Cleveland No. 3, d/d.			
English..... per cwt.				Centrifugals, 96% prpt.				Durham, best gas, f.o.b.				Bars, M'brough.....			
Irish.....				shipn. c.i.f. U.K./Cont.				Tyne				Steel rails, heavy			
Danish.....				B.W.I., crystallised				Sheffield, best house, at				Tin plates..... per box			
Dutch.....				Java, white, c. & f. India				pits							
				Oct.-Dec.				Nominal.							
				REFINED—London—											
				Yellow Crystals.....											
				Cubes.....											
				Crushed.....											
				Granulated.....											
				Home Grown.....											
HAMS—				TEA—				METALS—				VEGETABLE OILS—			
Canadian.....				Indian—per lb.—				Copper, Electrolytic, ton				Linseed, naked, p. ton net			
United States.....				Pekoe.....				Sheets (Strong).....				Rape, refined			
				Broken Pekoe.....				Standard.....				Cotton-seed, crude			
				Orange Pekoe.....				Lead, Eng. pig... per ton				Coconut, crude			
				Broken Orange Pekoe				Soft foreign				Palm			
				Ceylon—per lb.				Spelter G.O.B.				Oil Cakes, Linseed, Eng.			
				Pekoe.....				Tin—English ingots				Old Seeds—Linseed			
				Broken Pekoe.....				Standard cash.....				La Plata, p. ton, Oct.			
				Orange Pekoe.....								Calcutta—per ton			
				Broken Orange								Turpentine, per cwt.			
CHEESE—				TOBACCO—				MISCELLANEOUS				PETROLEUM PRODUCTS—			
Canadian..... per cwt.				(Duty, 9/8-10/6½ per lb.)				CHEMICALS—				Motor Spirit, No. 1,			
New Zealand.....				Empire growth, 7/5½				Acid, citric, per lb., less 5%				London			
English Cheddars				8/3½ per lb.				Nitric				Petroleum, Amer. rid.			
Dutch.....				Virginia leaf.....				Oralk, net				brl. London...per gall.			
				Common to fine.....				Tartaric acid, less 5%				Fuel oil, in bulk, for			
				Rhodesian leaf.....				Alcohol, Plain Ethyl.....				contracts, ex instal.			
				Nyasaland leaf.....								Thames			
				" strips.....								Furnace...per gall.			
				East Indian leaf.....								Diesel.....per gall.			
				" strips.....											
COCONUTS—				TEXTILES				COPRA—				ROBIN—			
(Duty, British grown, 11/8; foreign, 14/- cwt.)				COTTON—				S.D.Straits c.i.f., per ton				American..... per ton			
Accra, f.f. per cwt.				Mid-American..... per lb.								Rubber—			
Trinidad.....				Sakellarisidis, f.g.f.								St. ribbed smoked sheet			
Grenada.....				Yarna, 82's twist								Fine hard Para per lb.			
				" 60's twist								TN Orange ... per cwt.			
COFFEE—				FLAX—				CEMENT, best Eng Portland, d/d site,				SHELLS—			
(Duty, British grown, 4/8; foreign, 14/- cwt.)				Livonian ZK..... per ton				London area, jute sacks, 11 to ton				W. Aust. M.-o.-P. "			
Sumatra suptr. c. & l. cwt.				Pernau HD.....				(charged and credited at 1/6d. each or				TALLOW—			
Colombian, good				Slavet Medium...1st sort				paper bags 20 to ton (free, non-returnable)				London town...per cwt.			
Costa Rica, med. to good								4-ton loads and upwards 39/- per ton							
East Indian " " "								1 and up to 4-ton loads 41/- per ton							
Kenya, medium.....															
EGGS—				HEMP—				DRUGS—				TIMBER—			
English..... per 120				Italian P.C..... per ton				Camphor.....				Swedish u/s 3 x 8 ... per std.			
Danish.....				Manilla, Oct.-Dec. "J2"				Japan, refined... per lb.				" 2 x 4 " ...			
				Sisal, African.....				Ipecacuanha..... per lb.				Can'da Spruce, Dia.....			
												Pitchpine..... per load			
												Rio Deals..... per std.			
												Teak..... per load			
												Honduras Mahg. logs ... c. ft.			
												African			
												Amer. Oak Boards.....			
												" Ash.....			
												English Oak Planks.....			
FRUIT—Oranges—				SILK—				HIDES—							
S. African..... boxes				Canton..... per lb.				Wet salted—Australian							
Brazilian..... boxes				Tusash.....				per lb.							
Lemons, Malaga ... cases				Japan.....				West Indian.....							
Sicilian..... boxes				Italian—raw, fr. Milan.....											
Apples: Amer. (var.) brls.															
" (var.) boxes															
" Australian.....															

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

UNITED STATES

New York quotations unless otherwise stated

	Oct. 7, 1936	Sept. 8, 1937	Sept. 29, 1937	Oct. 6, 1937		Oct. 7, 1936	Sept. 8, 1937	Sept. 29, 1937	Oct. 6, 1937
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	113(b)	108½(c)	109(b)	106½(b)	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	12-36	3-40	3-20	3-20
Maize, nearest future, Chicago, per bushel	94½(b)	105½(c)	65½(b)	61½(b)	Cotton, middling, spot, per lb.	16½	19½	17½	16½
Oats, nearest future, Chicago, per bushel	41½(b)	31½(c)	31½(b)	30½(b)	Rubber, smoked sheet, spot, per lb.	104	116	116	116
Rye, nearest future, Chicago, per bushel	81½(b)	82½(c)	81(b)	77½(b)	Petroleum, Mid-continent crude 33 deg., to 33-90, at well, per barrel	9-50	13-62½	11-92½	11-65
Barley, nearest future, Chicago, per bushel	80½(b)	(a)	(a)	(a)	Copper, "Electrolytic," Domestic, spot, per lb.	9-72½	13-85	12-15	11-37½
Coffee, Rio No. 7, cash, per lb.	7½	9½	9	9	Copper, "Electrolytic," Export prompt, per lb.	4-85	7-25	6-50	6-25
" Santos No. 4, cash per lb.	9½	11½	11½	11½	Spelter, East St. Louis, spot, per lb.	4-60	6-50	6-00	6-00
Cocoa, Accra, nearest future, per lb.	7-48	8-17	6-36	6-27	Lead, spot, per lb.	45-00	58-75	55-62½	54-37½
	(a) Nominal			(b) December futures					
				(c) September futures					

THE ECONOMIST

Vol. CXXIX

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the exhibition which opens this week is a disappointment, the next season's production will be at least as high as the last. There is, indeed, no sign of any serious falling-off in the purchasing power of the public, since wages are rising and the recent weakness in the commodity markets may check the rising cost of food. Some capital goods industries have suffered a diminution in new orders, but steel is well supplied with armament orders, apart altogether from the continuing demand from the motor industry.

This is the home industrial picture. In finance there is no prospect of anything but the continuance of cheap and abundant credit. The export trades, as always, are the most vulnerable sector of the national economic front. But by every test they are less vulnerable than in 1929. The primary producing countries are not now dependent for the maintenance of their equilibrium on continued loans from abroad; on the contrary, their financial position is strong. The very extent of the present barriers to trade limits the field for further restriction of our exports.

In general, then, it can be said with assurance that in every field the prospects are better, the economic defences are sounder, than in 1929. A slump of the dimensions that were experienced between 1929 and 1931 seems to be highly unlikely. But it also seems to be the case that the bulk of the better-placed industries are looking for little more than a maintenance of their present activity, while others can hardly avoid a setback. This fact, coupled with the undoubted deterioration in sentiment, seems to make it almost inevitable that there will be some decline in trade in Great Britain next year.

That decline may be slight, and is unlikely in any case to be really drastic. Just how far it will go will depend entirely on the development of the economic situation in the world as a whole. And that in its turn can be held, with a certain economy of reasoning, to depend upon two factors: the trend of commodity prices and the state of affairs in the United States. The outlook for world commodity prices seems to be very similar to that for British domestic industry. The position of some commodities is not entirely reassuring, but infinitely better than it was in 1929. In the majority of markets stocks have been reduced to normal proportions; demand will be partly buttressed by re-armament, while supply

will be held in check by restriction schemes; and all over the world Governments are committed to policies of monetary expansion. It would be a mistake to rule out the possibility of a decline in commodity prices; but it can hardly be severe.

The American position is the greatest enigma of them all. Fundamentally, all the factors seem to point to further expansion. The purchasing power both of the farmer and of the urban wage-earner is still rising, and there are large arrears of necessary capital equipment still to be made up. Both consumers' and capital goods industries would thus seem to be assured of continued demand. But if this is the truth, is it conceivable that Wall Street is so utterly misled? And even if the security market is completely wrong, is it not, nevertheless possible that its attack of pessimism may react unfavourably on the realities of industry?

This survey of the economic outlook has necessarily been summary. But everywhere it appears that the ascertainable facts of industry and commerce are either favourable or not badly unfavourable. Given a buoyant psychology, further progress in the world as a whole, and maintenance of substantially the present level of activity in Great Britain, could be predicted with some assurance. But a buoyant psychology is just what is lacking. The economic factors are very much better than in 1929. But the international political position is incomparably worse. It is questionable whether the world can afford even a minor setback to economic recovery at a time when political tension is already almost unbearable.

Relaxation of this tension thus becomes an economic as well as a political imperative. This is not merely the major prescription for maintaining recovery, but almost the only one; for, in the paradoxical state of our present affairs, the more familiar economic remedies are not immediately applicable. Money can hardly be made cheaper; nor can public works plans be put into operation while there is still a shortage of labour. Every finger, economic as well as political, thus points to the single conclusion: it should be the supreme task of Governments, in the interests of prosperity no less than of peace, to bring the present international uncertainties to an end. Any expenditure of courage and resolution to this end will be paid most directly in cash, as well as in the peace and liberty of mankind.

Mussolini's "No"

THE Franco-British invitation to Italy to take part in a three-Power Conference on the withdrawal of foreign troops from Spain has been answered by Italy with a flat rejection. Even this answer was not forthcoming until after a polite but insistent intimation from the French and British diplomatic representatives in Rome that an early reply was wanted. The texts of both the invitation and the answer have now been published. The terms in which the Franco-British document is couched turn out to be, if possible, even more conciliatory than had appeared from the semi-official summary. In language—and, in most passages, also in tone—the Italian document, too, is courteous. But, under this thin sugar coating, SIGNOR MUSSOLINI has tendered to MM. CHAUTEMPS and CHAMBERLAIN a very bitter pill. Paris and London have had the difficult task since the Italian Note arrived last Saturday of deciding whether they should swallow it.

There is no doubt that the Italian reply was a keen disappointment to the French and British Governments. The more deeply it is scrutinised, and the deeper below the surface the problems it raises are probed, the less

attractive it becomes. The Anglo-French Note of October 2nd, extending the invitation, recalled CIGNANO's recent assurances to the British *chargé d'affaires* in Rome "that there was no present intention" [in the Italian Government's mind] "of permitting the despatch [sic] of further volunteers to Spain." The Italian reply passes over this reminder in complete silence. Again, the Franco-British Note recalled SIGNOR BOVA SCOPPA's recent assurances to M. DELBOS at Geneva that Italy had no intention of making the smallest change in the territorial status of Spain; that she had no designs upon the Balearic Islands; and that the integrity of the continental and insular territory of Spain would be strictly respected. In this context, the Western Powers, in their Note, drew a distinction between territorial integrity and political independence, and expressed the opinion that the latter must be respected no less than the former. The Italian reply opens with an undertaking to respect Spain's political independence "and consequently" [sic] her territorial integrity. But it does not take much subtlety of mind to see that the same words are being used by the two parties in Europe with

different meanings, and that the differences are of vital importance. The Anglo-French meaning of "independence," in respect of Spain, is the preservation of a Spanish Government that is genuinely free from all foreign control or influence. The Italian meaning of "independence" is government by—or in the name of—GENERAL FRANCO. The Anglo-French meaning of "integrity" is that no foreign Power shall obtain any hold on any piece of Spanish territory either by cession, by lease or by occupation. The Italian meaning of "integrity" is that every piece of Spanish territory shall be brought under the rule of FRANCO—or of the Powers behind FRANCO's throne.

The core of the Italian Note is a flat refusal to take part in a three-Power Conference. Italy suggests that the question of withdrawing foreign troops from Spain should be referred back to the London Non-Intervention Committee—which has, of course, already stuck fast in the mud. She goes on to declare that she will not take part in conversations, meetings or conferences to which the German Government have not been invited and in which they do not participate. And, finally, the Note, in its most ominous and least courteous passage, expresses the "doubt whether the difficulties in question can be overcome by way of ingenuities or devices of procedure, and, above all, by that proposed" in the invitation to a three-Power Conference.

SIGNOR MUSSOLINI, then, looks forward to overcoming the "difficulties" in Spain in some other way. What is in his mind? The ostentatious reinforcement of the garrison of Libya looks as if he were hoping to play the same card of the threat to Egypt as in the Abyssinian game, in the hope that England once more will stay her hand. If he is really hoping to turn Spain into a second Abyssinia, this hope is rather surprising in so cool a calculator. For, to an onlooker, SIGNOR MUSSOLINI's Spanish problem would appear to differ from his Abyssinian problem in a number of important points which all militate against his prospects of success. When he attacked Abyssinia he had his hands free, whereas to-day he is still deeply involved with Abyssinia as well as with Spain. Again, the Spanish Republicans are vastly more competent and more determined and better armed than the poor Abyssinians were. In Abyssinia the easy and showy first chapter of the war, which culminated in the occupation of Addis Ababa, was over in seven months; in Spain, Italian divisions have now been fighting for longer than that already, and anything that could even be represented as a decision seems as far off as ever. In the third place, Italy could occupy Abyssinia without jeopardising any vital French and British strategic interests. Indeed, the Italian "Empire of Ethiopia" was—and still is—a hostage to Anglo-French sea-power. On the other hand, this same Anglo-French sea-power will have been dealt a very

severe blow if the continental and insular possessions of Spain are to fall, in their "integrity," under Italian control. On the day when that happened, France would be cut off from French Africa (which is already full of unrest); Great Britain would be cut off from Malta, Cyprus, Palestine and Egypt; and even the long line of British Imperial communications via the Cape would be threatened from the Canary Islands. Under these conditions, does SIGNOR MUSSOLINI believe that France and Great Britain are going to acquiesce in the establishment of an Italian control over Spain, as they have acquiesced in the occupation of Abyssinia?

These objective facts are equally clear to SIGNOR MUSSOLINI and to the French and British Governments. Ordinarily, the manifest vital interest of Britain and France in Spanish independence, and the equally manifest superiority of the force they could deploy in the Western Mediterranean, should have convinced a man, of SIGNOR MUSSOLINI's shrewdness that he cannot pursue an Italian conquest of Spain to a successful conclusion. But it looks as if the hesitations of London and Paris have encouraged him to think otherwise, to believe that sufficient truculence will lead the Western Powers to surrender even their own vital interests.

We are convinced that, if the DUCE is harbouring any such conviction, he is wrong. France and Britain would not, in the last resort, tolerate Italian domination of Spain. But every hesitation encourages him to go further, to pour in more troops, to pour out more blood and treasure, to engage his prestige still more inextricably. A time will come when he can no longer withdraw.

The seriousness of the present position thus arises from the fact that it is a race against time. London and Paris have to show sufficient firmness to recall SIGNOR MUSSOLINI to the realities before he goes altogether too far. With every day's delay the action which Britain and France will ultimately have to take becomes more drastic. But in spite of all these facts, which are clearly visible to the French and British Governments if they would only have the courage to turn their eyes to them, London and Paris have decided this week for further delay. Ignoring the ominous contempt in the Italian Note for further "ingenuities and devices of procedure" they are clutching at the straw of the DUCE's approval of discussions in the Non-Intervention Committee. That body is to meet on Saturday of this week, and even the proposal of setting a definite time-limit to its deliberations has been dropped.

It looks, in short, very much as if SIGNOR MUSSOLINI had won another trick. At the very best, this makes it necessary for London and Paris to play the aces in their hands with skill, promptness and determination. At the worst, it means that Britain and France are throwing in their hands as first-class Powers and guardians of the peace.

British Motor Cars

THIS year's Motor Car Show, which opened last Thursday, is noteworthy in two ways: it is being held for the first time in the new Earl's Court Building, and it has for its background an industry and a nation prosperous beyond all precedent. What fresh records has the past season set up to be broken, and what are the industry's prospects of breaking them? Registrations of new cars have, inevitably, shown a further satisfactory increase. For the twelve months to September 30th the total is estimated at 329,000, against 302,057 in the preceding year. Exports are put at 70,000 (against 59,589) and imports at 19,000 (against 9,955). The total

British private car production for the season was 389,000 and showed an increase of 11 per cent. over the previous record figure of 352,000 in 1935-36.

Increased turnover has been unaccompanied by any vital change in the general trend of demand. The average horse-power of cars sold in the past season was 12.2, compared with 12.0 in the preceding season and 11.9 in 1934-35. The slight increase has been due in the main to the popularity of the 14 h.p. car, whose share of the total market rose from 8.7 per cent. to 11.2 per cent. The season has been remarkable, nevertheless; for it has seen the first general increase in selling prices that

23-6
23-0
23-8

made since the War. The rise, common to all important manufacturers, has varied considerably between one model and another, but has averaged about 5 per cent. It became effective, for the most part, last July, and does not seem, as yet, to have had any noticeably unfavourable effect on sales. The manufacturers, however, are awaiting the coming season with a certain anxiety. The industry lacks any experience whatsoever of the effect of rising prices either on total demand or on the relative position of the more and the less expensive cars. Given a continuance of national prosperity, the trade hopes that the volume of total purchases will be unaffected, but fears that demand will shift somewhat from the dearer to the cheaper models of individual makers. Price lists are so closely graded that psychology may have a considerable influence on the individual buyer. Rather than pay £265 for a car which cost him £250 last time, many a purchaser may choose a slightly lower model in the same general class, whose price was formerly £235 and is now £250.

The industry is reasonably confident, nevertheless, that the increase will not bring the elusive "saturation point" of demand any nearer: That skeleton has been temporarily consigned—perhaps a little optimistically—to a dark and dusty cupboard. The old arbitrary conception that an income of at least £400 was indispensable for the potential car owner has been discredited by events in the last five years. To-day, it is estimated, there are 800,000 incomes of over £500 in Great Britain, and 1,500,000 incomes between £250 and £500. But this summer as many as 1,825,000 cars were believed to be in service in the United Kingdom (compared with 1,505,000 in 1936 and 1,505,000 in 1935). When every allowance is made for families which own more than one car, and for vehicles used entirely for business purposes, the evidence strongly suggests that ownership has penetrated well below the £400 income level. The motor-car of to-day, indeed, tends to become increasingly a family rather than a personal chattel, and many families have more than one wage- or salary-earner. If and when "saturation" is reached, as it obviously must be some day, its causation may be more physical than economic. Already the increasing congestion of the roads in and around many large British towns and cities is robbing car-ownership of some of its attractions for the average man. At the same time, there is reason to believe that the present total is sufficiently close to the maximum to render its future movements increasingly sensitive to fluctuations in national prosperity.

So much for the industry as a whole. We may next examine the prospects of the leading producers, who fall into three main groups according as they are large, small or specialist manufacturers. In the first category there are six names:—Morris (including Wolseley and M.G.), Austin, Ford, Standard, Vauxhall and the companies under the ægis of Rootes. These companies are often described as mass-production manufacturers, but some of them object strongly to this description and, in fact, some of the models turned out by these firms, such as Humber and Talbot, do not belong to the cheap and popular class. That they supply much the largest part of the market is, however, undoubted. In 1935-36 their cars accounted for 86 per cent. of new home market registrations and 95½ per cent. of exports. In the past season they have probably lost a little ground, owing to the expansion of imports; but they have maintained their virtual monopoly of the export trade.

The policy of individual producers in this group deserves a word of explanation. Each manufacturer tries to last reduce a sufficiently diversified range of models to cater for a large segment of popular demand, and the number doubtless models actually turned out has tended proportionately to the firm's increase. Competition between different models is keen, and success in any one season e problems it raises

may turn on the extent to which the appearance of new models accords with changed and changing fashions in popular taste. Here, the pace is being set more and more by American cars. At the moment the chief problem of the large manufacturers is to secure adequate supplies of the right quality of steel at a suitable price. This, naturally, means more to them than to producers of more expensive cars, whose purchasers are prepared to pay a higher percentage for labour and selling costs.

In the category of small manufacturers we may include Rover, Riley, Triumph, Armstrong, Alvis, S.S., Singer and Jowett. Some of them have recently undertaken Government work in connection with re-armament on an increasing scale. All of them, normally, are exposed to the possibility of wide annual fluctuations in sales, which may decisively affect the profitability of their operations in a single year. Among the individual firms, Singer are active in the export trade, but the other makers concentrate their energies mainly on the home market. Recently, they have benefited owing to the greater number of people who have been able to pay more for their cars. They have suffered, on the other hand, from the growing interest which some popular manufacturers have shown in the "intermediate" market, by the improved quality and increasing competition of the popular car, and from the tendency of some purchasers to expend their increased resources on American cars or cars of American type.

Finally, the luxury manufacturers, properly so-called, include Rolls-Royce (with its subsidiary, Bentley) and Daimler (with its subsidiary, Lanchester). This group of producers turns out only about 1.3 per cent. of the total number of new cars sold in the home market, but its percentage of the total value is, naturally, much more considerable. Though Government work occupies a fair proportion of this group's capacity at the moment, its sales of cars have nevertheless been maintained. Its capacity for expansion, in any case, is limited. The high-grade American car has recently strengthened its position in the semi-luxury market, and the best type of car made by some popular manufacturers, such as Humber or Talbot, would be another potential competitor if the so-called luxury producers endeavoured to extend their sales into the stratum of the market lying immediately below them.

In the export trade the outlook is still relatively favourable. British exports, estimated at 79,000 cars last season, remain far below the American total of 208,000, but substantially exceed the figures of 38,000 and 35,000 from Germany and Canada, respectively. The German export drive, it is true, has now assumed considerable proportions, but it is largely directed against Continental and other markets in which British manufacturers have few important interests.

Altogether, the barometer for the coming season stands as near to "set fair" as producers in a highly competitive industry have any right to expect. Given a maintenance of public prosperity—the tacit assumption underlying all favourable commercial forecasts—production and profits should reach new high figures in 1937-38. If there is a cloud on the horizon, no bigger than a man's hand, it is the possibility that any further advance in selling prices might disproportionately affect the total demand. In recent months there has been a noteworthy increase in imports into Great Britain of two foreign makes of car—the 11.3 h.p. German Opel (a product of a General Motors subsidiary), and the 6.7 h.p. Italian Fiat. The manufacturers of these cars are large-scale manufacturers in their own countries. Will their example be followed, now that the franc has been devalued, by French producers like Renault, Citroën and Peugeot? An attack on the British lightweight car in its own stronghold would emphasise the wisdom of conservatism in making future increase in selling prices, however strong the temptation.

A Quarter's Industrial Profits

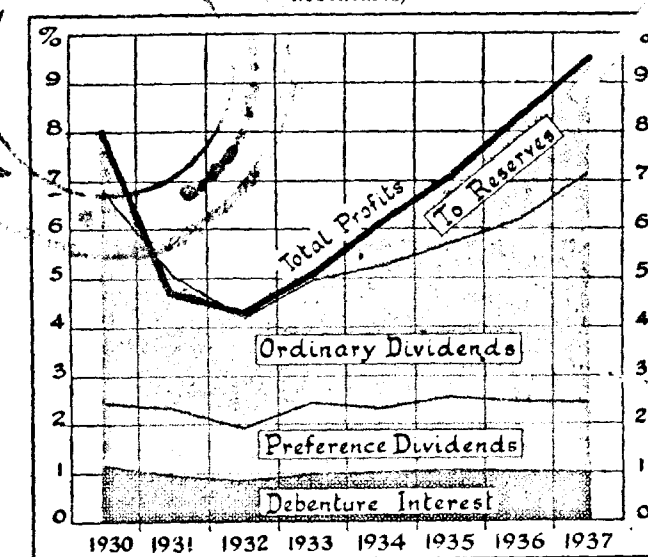
GRAND-STAND spectators of the profits steep-chase have lately been much concerned with a dark horse called Rising Costs. But our latest computation of the earnings of British companies—based on a sample of 337 concerns whose reports were issued between July and September this year—reveals no evidence of the displacement, as yet, of the progressive tendencies which have made the running since the end of 1933. The September quarter's figures are, normally, the least representative of each year, and the latest totals apply to no more than 15 per cent. of the companies and 11 per cent. of the profits included in our sample during the past twelve months. It is satisfactory, nevertheless, to record that they register an increase in total earnings (after debenture interest) of 19.2 per cent. by comparison with the aggregate for the same companies in their preceding financial year. A year ago a similar calculation showed a rise of 14.3 per cent. The 2,226 companies whose reports have been examined in the twelve months to September 30th last disclose an increase in their total profits of 16.1 per cent. in their latest financial year. Thus the rate of growth has, if anything, received fresh impetus in the last few months.

The detailed results of our most recent analyses are tabulated at the foot of this page, and supplementary figures will be found on page 140. It is clear that prosperity has enabled a large number of British companies to come near to achieving the remarkable feat of eating their cake and having it. The rise in profits has been so generous that shareholders have received increased dividends at a time when industry as a whole has been financing its capital growth out of its own resources to an unprecedented extent. This feature of British company finance is strikingly illustrated by the chart on this page. The upper line shows the total earnings of each year's sample of Third Quarter companies expressed as a percentage of their total issued capital. To make our survey the more comprehensive we have included the principal of outstanding debentures in our figures of total capital. We have proceeded to show the total amounts paid in debenture interest and preference and ordinary dividends, cumulatively, as percentages of total capital. Thus, in the latest period shown on the chart (i.e. according to the reports issued by these Third Quarter companies in 1937) debenture interest was equivalent to just under 1 per cent. of aggregate capital, while debenture interest and preference dividends together were equal to a little less than 2½ per cent. of total capital. The addition of ordinary dividend payments

raised the total of distributed profits to a little over 7 per cent., out of aggregate earnings of 9½ per cent.

The chart affords a convenient epitome of the profits history of Third Quarter companies for the last seven years. Their requirements for fixed interest have, *ex hypothesi*, been fairly constant throughout, though the inability of a minority of the total companies to pay their preference dividends (and to a less extent their debenture interest) in the worst period of depression is evidenced by a dip in both curves in 1932. Even so, total earnings, which had covered debenture and pre-

PROFITS AND THEIR DISTRIBUTION
Based on reports published in the third quarter of each year.
All figures are percentages of total subscribed capital, including debentures



ference requirements 3.3 times over in 1930, covered them only 2.3 times in 1932. To-day, however, these requirements are covered as many as 4.0 times. The balance, available for ordinary shareholders, was equal to 10.7 per cent. of the ordinary capital of all kinds in 1930, 4.5 per cent. in 1932 and 14.8 per cent. in 1937. But conservatism in the distribution of profits has gone hand in hand with the growth of earnings. The decline in profits in the first phase of depression was so steep that the directors of the companies included in our sample, taken as a whole, deemed it expedient to temper the wind to the shorn lamb by drawing on accumulated

TABLE I.—NET PROFITS (AFTER PAYMENT OF DEBENTURE INTEREST)

	No. of Companies	Reports published in		Increase (+)	
		1935	1936	£	%
Third quarter ...	382	25,359,334	28,974,570	+ 3,615,236	+ 14.3
Fourth quarter ...	496	36,565,347	42,134,767	+ 5,569,420	+ 15.2
1937					
First quarter ...	628	84,661,458	94,733,138	+ 10,071,680	+ 11.9
Second quarter ...	765	83,910,988	100,690,626	+ 16,779,638	+ 19.9
Third quarter ...	337	23,964,728	28,575,020	+ 4,610,292	+ 19.2

TABLE II.—PERCENTAGE COMPARISON WITH PRECEDING YEARS

	1931-32	1932-33	1933-34	1934-35	1935-36	1936-37	1937-38
Third quarter	-35.5	-28.6	-5.5	+27.7	+12.2	+14.3	+19.2
Fourth quarter	-53.9	-2.9	+30.3	+32.9	+16.9	+15.2	...
First quarter	-14.3	-8.9	+5.3	+14.6	+13.3	+11.9	...
Second quarter	-21.8	+3.3	+18.2	+17.8	+10.6	+19.9	...
Year ending June 30 ...	-26.5	-6.7	+12.1	+19.5	+12.6	+15.6	...

TABLE III.—PROFITS AND RESERVES

	No. of Companies	Total Ordinary and Preference Capital	Net Profits after Payment of Debenture Interest	Carried to Reserve, etc.
1936				
Third quarter ...	382	£ 311,349,009	£ 28,974,570	£ 8,598,650
Fourth quarter ...	496	£ 385,408,889	£ 42,134,767	£ 12,186,634
1937				
First quarter ...	628	£ 852,638,088	£ 94,733,138	£ 22,347,878
Second quarter ...	765	£ 931,740,564	£ 100,690,626	£ 30,060,120
Third quarter ...	337	£ 238,988,997	£ 28,575,020	£ 8,120,210

TABLE IV.—DISTRIBUTION OF PROFITS

	Net Profits after payment of Debenture Interest	Ordinary Dividend	Preference Dividend	To Reserve, etc.
1936				
Third quarter ...	£ 28,974,570	£ 14,647,169	£ 5,728,751	£ 8,598,650
Fourth quarter ...	£ 42,134,767	£ 22,557,928	£ 7,390,705	£ 12,186,634
1937				
First quarter ...	£ 94,733,138	£ 53,609,355	£ 18,775,915	£ 22,347,878
Second quarter ...	£ 100,690,626	£ 52,707,571	£ 17,922,841	£ 30,060,120
Third quarter ...	£ 28,575,020	£ 15,897,651	£ 4,757,159	£ 8,120,210

reserves to pay dividends which, in the aggregate, exceeded the year's earnings. In the next two years, though no further drafts were made on reserves, profits were distributed up to the hilt. During the subsequent recovery, however, the amounts put back to reserves have exceeded, many times over, those taken out during the depression. In the latest year, indeed, the amounts thus used to increase the effective working capital of the businesses concerned were slightly greater than the whole of the companies' payments for their debenture interest and preference dividends combined.

The policy of setting aside large reserves has added an important super-charging element to company profits in recent years. Accurate measurement is impossible, since the constituent companies in our sample vary from year to year. On the basis of the results shown in our chart, however, it would appear that in the last four years alone the cumulative total added to reserves has been equivalent to approximately 7 per cent. of an aggregate issued capital averaging, in our various samples, about £350 millions. Much the greater part of the new money thus made available has gone, not into gilt-edged securities, but into active and immediate employment in industry at an increasingly high rate of return.

Whether the percentage of profit on each unit of

effective capital will continue to rise much longer is, to judge from the present pessimism of Stock Exchange investors, a question which seems to admit of a less positive answer now than twelve months ago. A rapid decline in industrial ordinary share prices, at a time when gilt-edged values have been standing firm, seems to argue a readiness on the part of voluntary sellers to discount, not a rise in general interest rates, but a forthcoming check to the advance of industrial earnings. On this point, our latest figures afford no direct evidence. The majority of the companies included in our sample made up their accounts at various dates between the end of 1936 and the middle of this year. In other words, the bulk of their profits were earned before the rise in costs became accentuated, early in 1937. So long, however, as the volume of business as a whole is well maintained, it is unlikely that higher costs will produce any positive setback in profits. Since *The Economist's* index shows that business activity as a whole has recently been running at record high levels, the conclusion would seem to be either that "forced" Stock Exchange selling has driven the prices of many industrial shares below a reasonable level under present conditions, or that more or less well informed investors are budgeting for a definite recession in trade activity in the near future.

Australia at the Polls

THE three-year Parliament of the Commonwealth has run its full course, and Mr Lyons, who was confirmed in office at the last election, makes a new appeal to the electorate on October 23rd. Six years is a fairly long life for a Ministry in a country as noted as Australia for the rhythm of its swings of the political pendulum. The Government of Mr Lyons is therefore tactically on the defensive. Before the election of December, 1931, the United Australia Party occupied 23 seats and the Country Party 11, against 35 held by Federal Labour and 5 by State Labour—that is, by the Lang Party. The election more than reversed the position. Federal Labour lost 11 seats, and State Labour one; and the United Australia Party, with 39 members, commanded an absolute majority over all others. Another general election three years later made the United Australia Party dependent on the support of the Country Party. Federal Labour and State Labour each gained four seats, mostly at the expense of the United Australia Party. Dr Earle Page and other Country Party Ministers were drawn into the Government, and the coalition was founded which faces the electors to-day. The Opposition has similarly been consolidated during the last Parliament, through the reconciliation of Federal Labour with the Lang group, under the leadership of Mr Curtin.

At present, the United Australia Party hold 32 seats, the Country Party 14 and Labour 28. A turnover of 10 seats must therefore take place if Labour is to regain a majority. That this contingency cannot be ruled out is suggested by the result of the election of 1929, when Mr Bruce was defeated as a result of an increase in the Labour representation of no fewer than 15—from 31 to 46. The political prophets to-day, however, are scouting the idea of any such dramatic reversal of fortune. Among other reasons, they point to the discrediting of the Lang regime and to the barely healed disunity of the Labour forces. On the other hand, various straws in the wind have caused uneasiness among Government supporters. Certain amendments of the Constitution, dealing with marketing and civil aviation, were rejected at a referendum last March, and most observers attributed their defeat not only to dissent from their actual terms but also to popular dissatisfaction with the Government that sponsored them. Small incidents like the mishandling of the Mrs Freer case, and larger questions like the unprofitable trade war with Japan, have aroused a certain measure of discontent. The position is complicated, moreover, by the alliance of the United Australia and Country Parties. In Victoria, the second of the States in population, a Country Party Ministry has been main-

tained in office only by the support of the Labour Party, with which it has a working arrangement. In the Victorian elections a fortnight ago Labour increased its hold, and now has more members than the Country Party itself. The way in which second preference votes are cast by Country Party supporters in Victoria may be of considerable importance in the Federal election.

The Lyons Government's greatest electoral asset is the record of economic progress achieved during its terms of office. The percentage of unemployment among trade unionists, which reached a peak of 30 per cent. in the second quarter of 1932, has since fallen to 9½ per cent., and available statistics indicate that the proportion of all wage-earners unemployed is less than 6 per cent. to-day. More than half a million workers have been added to factory pay-rolls since 1931-32. This industrial improvement is, of course, largely a reflex of conditions in Australia's primary producing industries, and these, in turn, are dependent in large measure upon the prices and volume of her exports. The export price index, in Australian currency, almost doubled between the middle of 1932 and April of this year, when it was actually higher than in 1928. Since then, however, it has fallen, in sympathy with the general downward movement of world prices. Meanwhile, the overseas trade position has greatly improved. In 1931-32 imports totalled £44.7 millions and exports £85.3 millions (in sterling values). In 1936-37 imports totalled £90.5 millions and exports £126.2 millions. Of the credit balance of £35.7 millions in the latter year, some £22 millions were required for interest on Government and local authority bonds. After allowing for other debit and credit items, a balance of something like £20 millions was added to the Australian banking system's reserves of London funds.

A by-product of economic recovery has been a striking improvement in public finance. In 1930-31, the aggregate deficit on State and Commonwealth budgets was over £25 millions (in Australian currency). In 1935-36 and again in 1936-37, the aggregate result was a surplus of about £1,000,000. But there is, even now, a striking difference between the position of the Commonwealth Government, which has had a substantial surplus in each of the past three years, and that of the States, some of which still have difficulty in making ends meet. Between December 31, 1931, and June 30, 1937, the public debt of the Commonwealth fell by £11 millions, while the public debt of the States rose by over £91 millions. The States, nevertheless, have been able to profit, under the Financial Agreement, by the high credit standing of the Commonwealth. Since October, 1932, over £210 millions of Australian debt has been converted

to lower interest rates, at an annual saving of about £4 millions. Next February, further loans totalling £11,410,000 mature in London, and as much as £72,700,000 of internal debt is due for conversion before December, 1938. That, in brief, is the record of progress under the Governments of Mr Lyons. That the improvement owes much to forces beyond Government control—like the depreciation of sterling, the rise of world prices, the failure of wheat crops in the northern hemisphere—is probably of minor electoral importance.

The Opposition has chosen its own campaigning ground. It has singled out two particular issues—defence and the nationalisation of banking—and on these the election is mainly being fought. Labour stands for the nationalisation of the central bank and for its use in a way which would put the trading banks under its thumb. The Government has deflected criticism by announcing its acceptance of the main recommendations of the Banking Commission; which, according to expert

opinion, would bring about much the same result as the Labour plan, by sapping the strength and independence of the trading banks. On the re-armament issue, similarly, the difference between the two sides is mainly one of method. Labour agrees on the necessity for large financial provision for defence, but demands that the money be spent on a local land and air force, and not on a navy conceived as an element in the defence of the whole British Commonwealth. The official Labour platform, in brief, while not opposed to the Commonwealth connection, is isolationist in foreign policy and defence. Labour, however, is split on this issue; for the trade union movement leans towards internationalism and collective security. Moreover, the Far Eastern trouble has cut much ground from beneath the feet of the isolationists. On the whole, therefore, Mr Lyons' team appears to be facing the bowlers on a batsman's wicket, but Australian wickets are proverbially sticky after rain—even after showers of blessing.

Notes of the Week

The Prime Minister's Speech.—On October 8th Mr Chamberlain made his first appearance as Prime Minister before his Conservative supporters, when he addressed the Scarborough Conference. Though he failed to make history, as he might have done had he followed more boldly the lead given by Mr Roosevelt in foreign policy, he made an excellent impression on the assembly. He welcomed the President's "clarion call" and promised co-operation, but declined to commit the Government to any specific action. He expressed abhorrence of the consequences of indiscriminate bombing in China, but refrained from passing judgment on Japanese aggression. About home affairs, the Prime Minister was more definite. He welcomed the Labour Party's conversion to the arms policy, and reported in detail the progress of the defence programme, stressing in particular the high quality of the war planes being built and the swift rate of their production. He had no use for fears and anxiety. Re-armament, despite rumours, was progressing smoothly and well. Trade, despite pusillanimous talk, was still booming. Our tariffs had not impeded world trade or our outflow of exports. The cost of living was still below the level of 1929, and wages were substantially higher. The present rise in prices was healthy. In brief, the Prime Minister contended, like Sir John Simon at the Mansion House two days before, that the facts of our present prosperity would "take a great deal of shifting." The next slump was not even in sight. It is always dangerous for a politician thus to stake out a claim on prosperity. He should remember President Hoover, and at least prepare measures against the day when the tide may turn. Mr Chamberlain appears to have instilled courage into the hearts of his hearers, but the slump in the Government poll at the Islington by-election shows that so far his policy has failed to strike a spark of enthusiasm in the electorate.

Conservatives at Scarborough.—Before the Prime Minister spoke at Scarborough, the Conservative Conference's distrust of Italy and concern for British interests and colonies had been made evident. Indeed, the acceptance of Sir Henry Page Croft's motion opposing the surrender of colonies, ostensibly directed against opposition groups, was by implication a word of warning from the Right to Mr Chamberlain himself and to his colleagues. Similarly Mr Morrison's plea that milk was dear for hospitals and cheap for manufacturers in order to save the milk market from collapse did not prevent the Conference from setting on record its concern about the present position. And fear lest lack of money should debar worthy candidates from seeking election inspired a decision to set up a commission of inquiry into Party finances. Thus, there was general agreement on most matters, but no slavish unanimity. An attempt,

for instance, to brand all schoolteachers as dangerous Reds was very properly frustrated.

Labour's Decision.—The Labour Party Conference at Bournemouth spoke its mind about re-armament with no uncertain voice. Only 228,000 votes were cast against the motion for a powerfully armed Britain, which was supported by 2,167,000 votes. The minority included one trade union and fewer than one-quarter of the constituency parties, and was split again between pacifists and Left Wingers. The remarkable accord thus achieved, and anticipated earlier by similar votes against the United Front, was not allowed to conceal the difficulties which lie ahead of the Party. On the whole, there was a readiness at the Conference to let bygones be bygones, and to look hopefully to the future rather than resentfully to the past.

Rooseveltian Statesmanship.—President Roosevelt has returned to Washington from his tour to the Pacific Coast convinced of the necessity and of the political wisdom of demanding further progress with his policies both at home and abroad. He has emerged from the attempt to embarrass him with the record of Mr Justice Black's association with the Ku Klux Klan much more easily than his adversaries hoped. Mr Black has taken his seat on the Bench and the Court has refused to consider the petitions to unseat him. The episode can be regarded as finished, with rather less discredit to the President than to the all-too-obvious personal animosity with which his antagonists seized the opportunity to fling mud at him. On Tuesday the President issued the official summons for a special session of Congress to meet on November 15th, and in a broadcast talk on the same day he gave his reasons for this step. He has a heavy programme of contentious legislation, of which crop control, industrial hours and wages and administrative reorganisation are the chief items. Congress would in any case have met early in January, but 1938 is an election year, which means that an early adjournment will be necessary, and Mr Roosevelt wishes to run no risk of being beaten by the calendar. But the special session has more significance than merely the provision of some seven extra weeks of Congressional time. It is a formal notice served on Congress that the President is unabashed by his defeat over the Supreme Court issue, that he is confident he can re-establish his ascendancy over Congress and is determined to do so.

The broadcast speech was more than a mere announcement of impending legislation. It was a plea for the long view such as democratic politicians all too rarely have the courage to make. At home, he refused to believe that the American people wanted the Government to stop

governing simply because prosperity had come back a long way. "It is refreshing to go out through the country and feel the common wisdom that the time to repair the roof is when the sun is shining." Similarly, in the international sphere it was the President's duty to think "not only of keeping us out of war to-day, but also of keeping us out of war in generations to come. . . . We seek peace, not only for our generation but for the generation of our children. . . . I want our great democracy to be wise enough to realise that aloofness from war is not promoted by unawareness of war. In a world of mutual suspicion peace must be affirmatively reached for. It cannot just be wished for. It cannot just be waited for." This is the language of statesmanship. President Roosevelt now has, beyond question, the leadership of world democracy. He certainly has the courage, and he may well hope to have the moral support, to make good use of it.

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The Nine-Power Conference.—Objection has been taken by Japan to the fact that the first summons to a conference of the signatories of the Nine-Power Treaty was sent out by the League of Nations, which is not a party to the Treaty. But this is the merest quibbling. The Treaty has clearly been infringed; its first article "engages the parties to respect the sovereignty, the independence and the territorial and administrative integrity of China, and to provide the fullest and most unembarrassed opportunity to China to develop and maintain for herself an effective and stable government." Further, Article Seven provides that whenever a situation arises that, in the opinion of any one of them, involves the application of the stipulations of the Treaty and renders desirable a discussion of such application, there shall be full and frank communication between the parties. The affirmative votes at Geneva of several of the signatories can be taken as an adequate expression of their opinion of the need for discussions. The nine original signatories were the United States, the British Empire, China, Japan, France, Italy, the Netherlands, Belgium and Portugal; and five other states have since adhered to the Treaty, namely, Sweden, Norway, Denmark, Mexico and Bolivia. Moreover, the British Empire for these purposes resolves itself into six parts, the United Kingdom, Canada, Australia, South Africa, New Zealand and India. This makes a total of nineteen states which could attend. The last paragraph of the Italian Note of October 9th declaring that Italy "will not participate in conversations, meetings, or conferences to which the German Government have not been formally invited and in which they do not participate" can be taken as a refusal in advance, and it may be guessed that Portugal will follow the Italian example.

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The Japanese refusal to attend was published last week-end, simultaneously with the Italian refusal of the Anglo-French invitation to a three-Power conference on Spain. The Japanese reply declares that the present action of Japan in China contravenes none of the existing treaties which are in force, on the ground that this action is "a measure of defence to which she has been impelled to resort by premeditated and provocative acts of China." The certainty that Japan will be absent is outweighed in importance, however, by the knowledge that the United States will attend as a full member of the Conference and not merely as an "observer." American participation has seemed likely from the start, for the move at Geneva was made after the delivery of President Roosevelt's Chicago speech last week. Since then, the presumption has been specifically confirmed by the President, who lent point to his acceptance by referring to American participation in the Conference as part of his policy of "actively engaging in the search for peace." The Conference, which is probably to be held in Brussels, will thus be almost completely representative of the peace-loving nations of the world. With such a wide membership it has an opportunity to make its mark on the history of the world.

Japan's Rapid Advance.—News from the Northern front in China comes entirely from Japanese sources. In default of evidence to the contrary, however, it seems to be established that the Japanese have secured an important advance during the last week, and that the Chinese retreat has become more involuntary than strategic. The Japanese advance along the Tientsin-Pukow railway has temporarily been halted some distance north of the Yellow River in Shantung, probably in the hope that General Han Fu Chu, the Provincial Governor, will desert the National cause. But on the Peiping-Hankow line the Japanese claim to have taken Shihchiachwang and to be advancing rapidly south. The capture was achieved by a conjunction of a frontal attack along the railway, a flanking movement which crossed the Puto river west of the railway junction, and a long advance which started out from Tientsin at the end of September, and followed the rivers across the Hopei plain until junction with the Peiping-Hankow railway was made south of the concentration of Chinese troops. The latter, demoralised by previous reverses, and surprised in their flank and rear, are reported to be in confused flight south. The capture of this railway junction will enable the Japanese to advance west on Taiyuan in Shansi province, which is already threatened by troops from the north. The Japanese are apparently advancing without effective opposition in Suiyuan. The opening of the third month of warfare at Shanghai finds the Japanese still unable to break down the Chinese resistance, and in the last few days there have been reports that the Japanese have used poison gas, and are planning a new landing north of the present extremity of the lines. Japanese aeroplanes are making every attempt to destroy the Canton-Hankow railway, and are continuing certain bombing operations on other important cities.

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Nuffield College.—On the eve of the Motor Show there comes, appropriately, the announcement that Lord Nuffield has offered the University of Oxford a sum of £1,000,000 and a site worth £100,000 for the endowment and erection of a new college. Besides filling an unæsthetic gap in the western approach to Oxford between Pembroke and Worcester Colleges, the new foundation is intended to end the unfortunate hiatus which Lord Nuffield rightly believes to exist between social studies and the practice of business men in commerce, industry and the professions. Lord Nuffield is more than a munificent donor. As his gifts to the Special Areas and to the progress of medicine have proved, he is a great innovator. His latest offer has been accepted in all but formal legislation, and to Keble, Hertford, and St. Peter's Hall, the most recent adjuncts to Oxford's collegiate society, will succeed, presumably, Nuffield College, the newest and most daring of them all. It will be a place for research and discussion, embracing among its fellows both dons and business men, and both men and women. Economists, historians, philosophers, lawyers, anthropologists, administrators, legislators and business men will meet in this catholic assembly which may well be the power-house for peaceful and beneficial revolutions in the ordering of our public affairs. Research workers, amply endowed, will pursue the details of practical change to their logical and scientific ends. Lord Nuffield's new vision is of the future; but he has not forgotten the past. He will enter into the quiet and ageless tradition of Oxford studies; he will install a chapel and endow a chaplain. If those who are elected to launch the new venture are rightly chosen, the cause for which it stands will not be a lost cause.

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Cost of Air-Raid Precautions.—On July 19th the local authorities rejected the Government's offer to pay 70 per cent. of the total cost of air-raid precautions. Sir Samuel Hoare has now modified this proposal, and the new scheme, which in outline apparently represents the Government's final decision, is to be considered at a conference on October 24th. Formerly, the cost of gas masks, which are being provided direct by the central

authorities, was included in the 70 per cent. payment. Now apparently it is to be excluded, together with the whole cost of fire-fighting appliances, rescue and decontamination equipment, stretchers, blankets and first-aid stations, which are all to be borne entirely by the Exchequer in so far as they exceed normal peace-time costs. On the other hand, the expenses of essentially local services, such as structural changes in public buildings, the building of refuges, organisation, training, etc., are to be met by percentage grants. Local authorities are to be graded in accordance with their financial needs into four classes, with grants of 75, 70, 65 and 60 per cent. respectively. It is not expected that local expenditure will amount to more than the proceeds of a penny rate, but when it does the excess will be eligible for a grant at the maximum rate. A Bill will be introduced embodying these proposals and defining the duties of the authorities. The grants will be paid on all approved expenditure incurred this year. All this is much in advance of the old scheme. The cost to the rates seems likely to be large enough to ensure careful administration, and small enough to cause no undue economy, though some of the local costs may prove unexpectedly large. Presumably the scheme will, deservedly, be accepted. The work can then go ahead with no further dangerous delays.

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Sir Oswald Mosley Injured.—The folly of opposing violent words with violent deeds was demonstrated on October 3rd, when an unimpressive Fascist procession was given an undue importance by the reckless hurling of brickbats. Folly became criminal at Liverpool on October 10th when Sir Oswald Mosley was stoned and wounded. Violence has no part in British politics. The ideas and practices of the British Union of Fascists may be founded on force, but to seek to extirpate them by riot and disorder is to betray the constitutional methods which are our safeguard. Sir Oswald's unpopularity does not excuse attacks on his person. It vests him with unwarranted prestige. Fascism is not least dangerous to democratic ways when its opponents, abetted by hooligans, resort to assault and battery.

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Belgian Neutrality.—On January 30th last Herr Hitler stated his willingness to declare inviolate for all time the territory of Belgium. Since Belgium's official policy is now a return to her former neutrality, so far as that is compatible with her League obligations, a German declaration of non-aggression would clearly be welcome. Negotiations have consequently been continuing for some months, and have now reached a successful conclusion. The resulting document takes the form of a simple unilateral declaration by the German Government that "in no circumstances will they impair the inviolability and integrity" of Belgium, and "they will at

all times respect Belgian territory, except, of course, in the event of Belgium's taking part in a military action directed against Germany in an armed conflict in which Germany is involved." The Note concludes:—

The German Government, like the British and French Governments, are prepared to give support to Belgium in the event of her being subjected to an attack or an invasion.

The document also takes note of the Belgian Government's expressed resolve to defend Belgian territory if attacked and to refuse to allow it to be used either as a passage-way for the troops of other countries or as a base for operations by land, sea or air.

* * *

Belgium would thus seem to have effectively re-established the regime of the Treaty of 1839, in that her integrity is recognised and guaranteed by all three of her large neighbours. But the parallel itself is ominous, for it was this same Treaty of 1839 which became the famous "scrap of paper" when it stood in the way of German ambitions. There is another major difference between the pre-War position and that of to-day, since Belgium is emphatic in her declarations that her obligations under the League Covenant are in no way affected by her new policy. This attitude has been reinforced within the last few weeks by Belgium's election to the League Council. But the extent to which the obligations of the Covenant might require military action, or assistance to the military action of others (such as the provision of air bases), has never been defined, and so long as it is uncertain what action Belgium would take in the event of Germany's being declared an aggressor by the League, the new Declaration must be accounted a reinforcement of German security in the west. Nobody, of course, would grudge Germany this greater security if it were not for the suspicion, which Germany has done nothing to allay, that she will use security in the west only to strengthen her hand for adventures in the east. This same suspicion makes it difficult to welcome with any enthusiasm the formal declaration in the Note to Belgium of Germany's continued desire to conclude a Western Pact to replace the Treaty of Locarno.

* * *

South Africa and Germany.—The renewal of the campaign in Germany for the restitution of the former German colonies is exercising South African minds, and this for two reasons. The more pressing, but narrower, reason is that South Africa herself holds one of these territories under mandate. The Nazi agitation has already thrown the German population in the South African mandated territory of South-West Africa into a ferment. And behind these German pioneers—at present under South African rule—stands "the Third Reich," a community of 65 million white men, as against South Africa's own one and a half millions. At present this enormous

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disparity of strength is redressed by the sea-power of the United Kingdom. But can she count for ever on this protection? Moreover, South Africans have another remoter but much broader consideration in mind. Acutely race-conscious as they are, they are wondering whether the white man in Africa will be able to hold his own against the black man's one day inevitable counter-attack if Europe cannot bring herself to act, in Africa, with her united forces. The mere absence of Germany weakens Europe in Africa seriously enough. But supposing that an obstinate refusal to re-admit Germany into Africa were to produce another fratricidal European War. What would be the prospects of the 1½ million white South Africans then? These thoughts have found expression in three important public statements: one by Mr Pirow, the Union Minister for Defence, who is himself of German origin, in Natal on the 7th; another on the same date at Johannesburg by Mr Strydom, the leader of the Transvaal branch of Dr D. F. Malan's Afrikaner Nationalist Party; and the third on the 10th by Dr Malan himself.

Mr Pirow—speaking in a district of Natal where the population is partly of German origin—pleaded for a relation of live-and-let-live between South Africa and the Reich. Might not the Nazi propaganda in South-West Africa be dropped in exchange for a suppression of the South African Jewish anti-German boycott? He also advocated a fair and satisfactory solution of the colonial problem as between Germany and—not South Africa, but the British Empire. Mr Strydom, on the other hand, boldly grasped the South-West African nettle. His party, he said, did not want to remain in possession of the mandated territory without Germany's consent, and he made the odd declaration that they would neither hand the territory back nor lift a finger to prevent Germany from retaking it. Evidently Dr Malan felt that his lieutenant's formula needed revising, for in his statement on the 10th he made it plain that he and his associates did not differ from other South Africans in their determination to keep South-West Africa in their hands. His solution was one which was hinted at by Mr Pirow on the 7th. "We must, through the League, and by other means, give moral support to a scheme that will satisfy Germany's colonial needs." These three statements do not by any means represent South African opinion as a whole. But there is no doubt that, if there were a means of satisfying Germany's claims without cost to South Africa, it would be eagerly seized. On which of their neighbours, we wonder, are the South Africans hoping to be able so conveniently to disstrain for Germany's benefit? On the United Kingdom and France? Or on Belgium and Portugal?

The French Cantonal Elections.—Last Sunday the first ballot in the French cantonal elections was taken throughout France except for the Department of the Seine. Judgment on the significance of the results must, no doubt, be reserved to some extent pending the final ballot. In view, particularly, of the working of the agreement which is at the basis of the Front Populaire, the final results are almost certain to be a good deal more favourable to the Governmental coalition than these first returns; but in any case the voting at this first stage is already distinctly more to their advantage than the first ballot in the parliamentary general election of May, 1936. Thus last Sunday the parties represented on the Front Populaire polled in the aggregate 62 per cent. of the votes cast, as against not more than 55 per cent last year. This aggregate gain, however, is all to the credit of the Radical Socialists, since their Socialist and Communist partners have each dropped votes this time—though this not in serious numbers. The moral seems to be that the electorate, while approving M. Blum's new deal in general, feels that, for the moment, at any rate, the Government have bitten off as much as they can chew. The pause inaugurated by the reconstruction of the Front Populaire Government

has, in effect, been endorsed. In fact, these provisional election figures bear out, in retrospect, the wisdom of M. Blum's action in gracefully ceding the premiership to M. Chautemps at the end of June, and in refusing to lend his aid a fortnight ago to those who would have dissolved the partnership. And, if we look towards the future, we may feel greater confidence than ever that the Front Populaire Government as at present constituted, with the Radical-Socialists in command and the Socialists loyally supporting them, is going to disappoint its adversaries, at home and abroad, by showing a remarkable solidity and staying-power.

King Carol's Responsibility.—The four-year term of the Roumanian Parliament ended on Friday this week. According to the Constitution, the Chamber should have held its last sitting on this date, and the postponement of the dissolution by, at the most, another month is permitted only in exceptional circumstances. This year the exceptional circumstances arise out of the fact that the pre-electoral manoeuvres of the parties have not yet been concluded. In Roumania elections do not make Governments; Governments make elections. But contact with the democratic process has been maintained in the past by the resignation of the incumbent Cabinet some time before the elections and the nomination of a new Cabinet, in accordance with the trend of public opinion, to "make" the elections. In practice, this has meant a fairly regular alternation of the Liberals and the Peasant Party. But the system clearly imposes a very heavy responsibility on the King, who has to decide the composition of the incoming Cabinet. The latest indication of popular feeling was in the recent communal elections, which showed gains for the Peasant Party and losses for the parties of the extreme Right. The present Liberal Cabinet, which stands between the two, but has hitherto leaned, in domestic policy at least, to the Right, shows no signs of willingness to resign, nor is the King apparently willing to dismiss it. There are, indeed, indications that the Liberals are bargaining with both the other sections for support. The Peasant Party are being offered places in a coalition Cabinet and alternatively threatened with an even stronger inclination to the Right. Whether they will accept this, when past history gave them some right to expect a Government of their own, remains to be seen. Formally, these manoeuvres concern only internal politics. But the Fascist leanings and German sympathies of the Right groups are so pronounced that a move towards them could hardly fail to have some reflection in Roumanian foreign policy, while the Peasant Party would strongly reinforce what is the official policy of the present Government, co-operation with the Little Entente and France. King Carol will have to make his decision very soon; it will be important both for Roumania and for the whole of the Danubian area.

Jugoslav Opposition United.—The agreement for common action reached by the Opposition parties in Yugoslavia on October 9th is undoubtedly the most important event in the troubled politics of that country since the death of King Alexander, if only because it represents the realisation of what many experienced observers have always held to be impossible—namely, the union of Serbs and Croats in opposition to the semi-dictatorial regime proclaimed by King Alexander and enshrined in his Constitution of September 3, 1931. It is probable that Dr Stojadinovitch, the present Prime Minister, has contributed more to this result, by his foreign policy of friendship for Italy and his domestic religious policy of pushing through the Concordat with the Vatican, than the party leaders themselves. But, however this may be, the fact remains that the Radicals, the Democrats and the Agrarians, the three largest Serb Opposition groups, have formed, with Dr Matchek's Croat Agrarian Party, a new "Agrarian-Democratic Coalition" with a definite constitutional programme. This programme calls for the proclamation of a new pro-

visional fundamental law, to replace the Constitution of September 3, 1931. This law should restore the system of parliamentary government and provide for the working out of a new permanent Constitution by a constituent Assembly, to be elected under a new democratic electoral law. The coalition Government to carry out these reforms should consist only of those parties which "have their roots in the people," a phrase which is intended to exclude any participation by Dr Stojadinovitch's party or his person. The new Constitution is to be adopted only if it is separately approved by a majority of the Serb representatives and by a majority of the Croatian and Slovenian representatives. Finally, the parties bind themselves to act henceforth in unison and to forswear any separate negotiations with the Council of Regency.

These terms of coalition have emerged from very lengthy negotiations, in the course of which earlier plans to secure the support of Prince Paul, the First Regent, by pensioning off his two fellow-Regents and extending the minority of the young King, were dropped. But the attitude of Prince Paul will be none the less decisive for the future development of the new coalition, since it rests ultimately with him to decide whether the country shall have the opportunity of making a choice between the present Government and the Opposition. The Government has, of course, been at pains to minimise the importance of the agreement. But it is no coincidence that the conclusion of the negotiations between the Opposition parties was marked by the decision of Dr Stojadinovitch to go no further with the ratification of the Concordat and to change the *personnel* of his Cabinet. In a country which has had no recent free elections, it is naturally difficult to gauge public opinion. But if, as seems probable, the new coalition could create a strong democratic regime, that would be by many degrees the best solution of Yugoslavia's fundamental problem. No Yugoslav Government will be inherently stable unless it is supported by a majority of the people, unless it unites the nationalities of the country, and unless it can stand on its feet without the ostentatious support of the external dictatorships which the country and the army distrusts. Dr Stojadinovitch's Government fulfils none of these conditions; a Government based on the new coalition might, at least for a time, fulfil them all.

Drugs in North China.—Japanese action in the Far East embraces more than economic penetration and armed aggression. Just short of a century ago, the British Navy was instrumental in opening certain Chinese ports to, among other commodities, the product of the Indian poppy. To-day the report of the Fifth Committee of the League of Nations on the drug traffic affirms that the chief centres of the production and distribution of opium and similar trade lie in Manchukuo and those parts of North China where the Japanese writ *de facto* runs. Yet the penalty imposed by the Chinese authorities for the use and sale of drugs is—as in 1840—death. The degradation of the Chinese inhabitants of the districts which house this sinister traffic is not the whole story, though the state of Harbin and Fuchiaten, with their 100 licensed opium saloons and 1,000 heroin dens, is hideous enough. The large-scale production of narcotics, which is alleged to be increasing with the connivance and protection of the Japanese authorities, requires an expanding market. Not only are the Chinese efforts to stamp out the trade made ineffective, but the success of the wider campaign of the League is endangered. North America, Egypt and Europe are menaced by illicit imports. The Committee strongly urge an appeal to Japan. Peace has her atrocities no less deplorable than war. Is Japan, heir to one civilisation and adopter of another, determined to surrender the virtues of her past to make profit from these vices?

The Population Inquiry.—Sir Kingsley Wood, speaking to the Conservative Conference last week, gave encouraging evidence of the thoroughness with which the official inquiry into the population problem is approaching its task. The Minister for the first time officially recognised the possibility that the population of England and Wales "would fall in 30 years to some 30,000,000 and in 100 years to 5,000,000." But he also took note of the fact that the birth-rate has shown a slight rise since 1933, which might be taken as showing "that forces exist in this country with an upward direction that might well provide a basis for a constructive policy." The first step, however, was to collect more information, and the Minister announced that Parliamentary sanction would be sought for the collection through the registration system of information on such matters as the ages of parents, the date and duration of the marriage, and the order of births. It is the intention that this information shall not be published in the public registers, but treated as confidentially as census returns. It is to be hoped that this reform in the registration system will be effected as soon as possible. This country is well behind many others in the amount of information available which bears on the problem of population, whose vital importance is now beginning to be appreciated.

Ontario Supports Mr Hepburn.—Political prophets derive little power from the results of the Ontario provincial elections. That the Liberals under Mr Hepburn should be returned with their huge majority scarcely impaired was not widely forecast. Business interests and the comfortable classes were reported to have been antagonised by Mr Hepburn's repudiation of the power contracts and the forces of labour by his violent hostility to Mr Lewis's Committee for Industrial Organisation. To judge from the election results, however, the business interests appear to have overlaid their memory of the hydro-electric affair by the nearer one of the Oshawa strike; and labour—whose views about the C.I.O. were in any case divided—seems to have been placated by Mr Hepburn's trenchant attacks on vested interests and moneyed men who evade taxation. The Co-operative Commonwealth Federation—the Labour Party of Canada—polled but a handful of votes and lost its only seat. It must not be forgotten that one of the decisive factors in Mr Hepburn's original victory—which replaced a Conservative majority of four to one by a Liberal majority of three to one—was his denunciation of shady finance in high places. Mr Hepburn has a vigorous and emphatic personality which his opponents cannot rival. The Federal Liberal Party at Ottawa, having waited to see which way the cat would jump, has lost no time in reconciling itself to the victors in Ontario, from whom it parted, over the trade union issue. No one could be less like Mr Hepburn than Mr Mackenzie King, but we may yet see a seasoning of Mr Hepburn's views in Dominion politics as a result of last week's elections.

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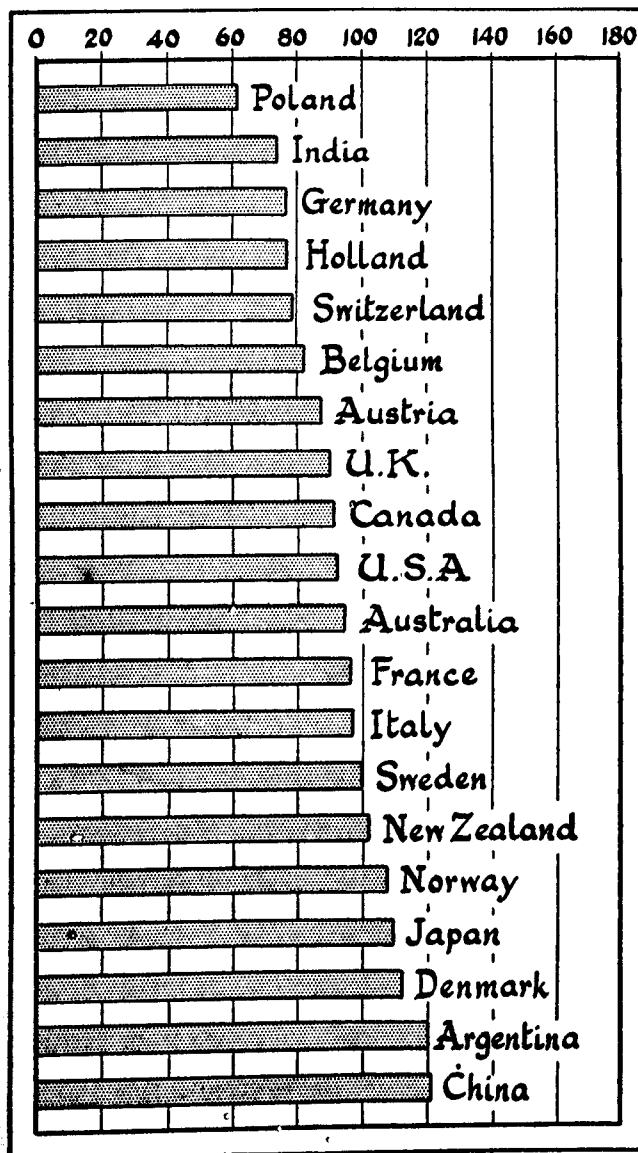
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Changes in Wholesale Prices since 1929.—A diagram given in last week's *Economist* on page 62 showed the percentage fall in the gold value of the leading currencies of the world since 1929. Corresponding changes in the general level of wholesale prices for the most important countries are illustrated graphically in the accompanying diagram. It should be remembered, however, that the indices for the various countries are not calculated on a uniform basis.

INDICES OF WHOLESALE PRICES
(Latest available Figures)
(1929=100)



Like the reduction in the gold value of the leading currencies since 1929, the change in wholesale prices since then has been approximately similar in the principal countries of the world. But there has been no rise in wholesale prices corresponding to the fall in the gold value of the leading currencies. While the gold value of the currency units of the majority of the leading trading nations has depreciated by about 40 per cent. since 1929, the wholesale price indices for these countries are still below the level of the pre-depression year. Exceptions are some of the primary producing countries where heavy currency depreciation during the depression has been followed by a remarkable rise in the prices of raw materials and foodstuffs.

Oil from Coal.—Replying to suggestions at the Conservative Conference that more should be done to encourage the production of oil from coal in the interests of national defence, Captain Crookshank adjured patience until the Falmouth Committee had reported. True, we produced little more than 5 per cent. of our oil and petrol at home, compared with a domestic production of 50 per cent. of supplies in Germany; but light oils already received a rebate of 8d. per gallon, compared

with an import price of 4d. "It was all a question of economics." The report of an inquiry into the economics of manufacturing oil from coal, made for the Australian Government by Sir David Rivett and the Dominion Hydrogenation Committee, throws light on this problem. On July 21, in the Lords' debate on Lord Mottistone's motion to set up an oil-from-coal plant, Lord McGowan said that the costs were too high for private investment and initiative, despite protection. The Government accepted the motion, and announced an agreement to set up a low-temperature carbonisation plant in South Wales. Questioned later in the Commons, however, the Minister for Defence stated that the Government's main concern was with foreign-borne supplies. In the view of Sir David Rivett and his colleagues, a hydrogenation plant to produce 150,000 tons would employ 2,000 men directly—and its total costs would be, translated from Australian to British currency and conditions, from 10.5d. to 12.5d. per gallon, according to the period of amortisation fixed. This represents from 2½ to 3 times the cost of imported petrol at Western European ports, equivalent in Britain to a subsidy of over £280 per man employed. No sane investor, the report declares, would put his money into the manufacture of oil from coal by any process without a subsidy much higher than 8d. in Australia—or much higher than 6d. in this country. Thus, this Australian survey suggests, in short, that unless the command of the seas in a future war is likely to be precarious or storage problems are likely to be insoluble, the Government's policy of regarding oil-from-coal production as a supplementary issue is the right one.

Anglo-American Trade Prospects.—In last week's issue of *The Economist* we discussed the advantages of an economically significant Anglo-American trade agreement, and emphasised the justice of the American view that it was for Great Britain to make such concessions to the Dominions as would be necessary to secure modification of the Ottawa agreements. The British Government has expressed its desire for an agreement, and it has been assumed that the negotiations now proceeding at Washington are on the way to a solution of the problems involved. Unfortunately, it is difficult to obtain really satisfactory evidence that the British Government is prepared to make the necessary concessions. The matter is becoming urgent, and hopes of a happy end will be endangered if the conversations are allowed to drag on indefinitely. For one thing, part of the attraction which a policy of lowering trade barriers has for Mr Cordell Hull is concerned with their contribution to the encouragement of peace. If, by her other actions, Great Britain fails successfully to oppose the growth of militarism, the use of the economic method of securing peace will lose its appeal to the American Secretary. Further, internal conditions in America may increase the difficulties of successful negotiations the longer they continue. If a special session of Congress, this autumn, passed such measures as the Wages and Hours Bill, a trend towards a closed American economy might well be expected. If Mr Hull's policy, urged with all his enthusiasm and determination, breaks down on the short-sighted selfishness of the British Empire, it may be discredited in the eyes of America, and so be shelved indefinitely. The need for accelerating the negotiations is the greater because 1938 will be a year of Congressional elections, the atmosphere of which can hardly be friendly towards a programme of freer trade which has never really caught the imagination of the American public.

Colonial Cotton Quotas.—The storm that arose in Lancashire over the decision to enlarge the foreign quotas for cotton imports into Ceylon is now rumbling away beyond the horizon. A deputation which saw the Colonial Secretary and the President of the Board of Trade last week was told that Ceylon's case was unique and that no general revision of quota policy in the colonies was contemplated. The Government hopes that restored good

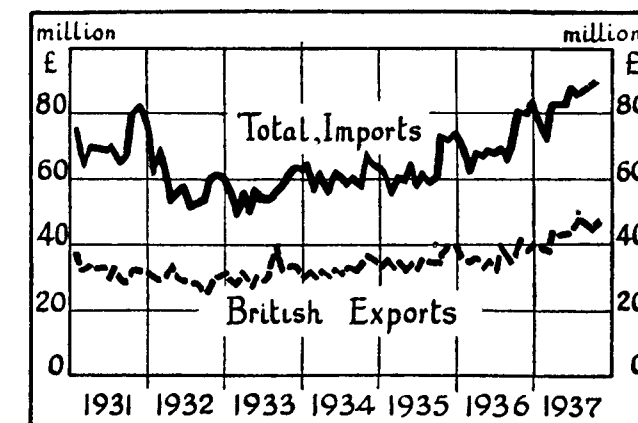
will may more than compensate for any direct loss of trade. When the anti-foreign (and specifically anti-Japanese) quota system was introduced in 1934, it was bitterly opposed in Ceylon, and was enforced by order-in-council against a strong adverse vote of the State Council. The progress of India towards self-government has made it necessary and right that Ceylon should be given progressively greater control over her own trade policy. When representatives of the country came to London recently to negotiate with the British Government, they were armed with the threat that Ceylon would abandon imperial preference if the quotas were retained. The Government, though not prepared to sacrifice the quotas altogether, realised that the opposition in Ceylon was national and not factitious, and agreed to exempt grey cloth from quotas and to expand quotas on other items by 50 per cent. Lancashire was up in arms, but there can be no doubt that the Government was right and that Lancashire would have lost in the long run by clamping an unpopular and selfish policy on the Singalese. It is, indeed, rather depressing that the agitation has led the Government to commit itself against revising the quota policy in the colonial empire as a whole; for on any wide view of the colonial problem that is the first contribution that Great Britain could make to a solution on a world scale.

Active Business but Fewer Orders.—The week's news shows that business activity remains at a high level. The increase in the value of imports between September, 1936, and the past month, at 22 per cent, was smaller than in August, but the rise in exports over a year ago, at 20 per cent., was the same as in August. On the other hand, reports from a number of industries, including coal, iron and steel and textiles, indicate a decline in the volume of new overseas orders. The iron and steel industry is as active as ever, but new business is limited by the reluctance of producers to add to their already heavy commitments. As both home production and imports are increasing, however, the scarcity of materials is now less marked. The output of steel ingots and castings rose from 987,700 tons in August to the record level of 1,163,000 tons in September, while pig iron production last month, at 726,600 tons, was higher than in any month since September, 1920. The production of coal declined from 4,881,000 tons during the week ending September 25th to 4,859,000 tons during the following week, but was 366,000 tons higher than in the corresponding period a year ago. Certain districts, however, report a lull in foreign business. The position of the Yorkshire wool textile industry has deteriorated, and, as our Bradford correspondent reports on page 145, spinners and manufacturers are not enjoying anything like the same prosperity as a year ago. After a long period of small turnover, inquiries for cotton yarn and cloth have tended to increase following the decline in raw cotton prices. There is evidence of a further, mainly seasonal, decline in building activity. Though the trend of business as a whole seems unlikely to take a downward turn during the next few weeks, the decline in the volume of new orders in some industries is not wholly satisfactory.

Reduction in Shipbuilding Contracts.—The latest shipbuilding returns issued by *Lloyd's Register* this week are disappointing. In contrast to the movement a year ago, the volume of new mercantile tonnage commenced during the third quarter showed a decline from 367,700 gross tons to 218,600 gross tons, an indication of the unwillingness of shipowners—recently voiced by the chairman of the P. and O.—to place orders for new tonnage at increased prices. The cautiousness of shipowners, in turn, reflects their lack of confidence in the future of international trade and, consequently, in the maintenance of the current level of freight rates over a period of years. This development, however, was not confined to the industry in this country, for the volume of tonnage commenced abroad also showed a decline,

from 596,600 gross tons in April-June to 429,700 gross tons in July-September. The current level of activity in British shipyards has as yet been scarcely affected by the reduction in new orders, the tonnage under construction having fallen only slightly, from 1,200,000 gross tons at the end of June to 1,185,000 gross tons at the end of September, against 928,600 gross tons a year ago. The proportion of the tonnage now being built in this country intended for registration abroad or for sale has increased from 8.3 per cent. at the end of June to 15.2 per cent. at the end of the past month. If allowance is made for the increase in naval work on hand, equivalent to about 1,000,000 tons of mercantile tonnage, the total volume of activity is not unsatisfactory for the shipbuilders. At the same time, the recent downward trend of new orders for mercantile tonnage is scarcely encouraging, especially as there is no immediate prospect of an early increase in orders.

Overseas Trade in September.—The trade returns for September contain no surprises. As for the last month or so, imports are increasing a trifle more rapidly than exports, but for the year so far the two are fairly even. The general trend is shown in the chart below:—



The total suggests fairly conclusively that last month's jump of 31 per cent. in imports was due to exceptional circumstances. So far nothing that has happened during the recovery suggests that our import surplus, which amounts so far this year to nearly £300,000,000, is in any way beyond our means. Details are shown in the following tables:—

MONTH OF SEPTEMBER (000's omitted)				
	1935	1936	1937	Change between 1936 and 1937
Total imports	60,822	71,896	87,809	+ 15,913
British exports	34,098	36,961	44,263	+ 7,302
Re-exports	3,811	3,915	5,206	+ 1,291
Total exports	37,909	40,876	49,469	+ 8,593
Excess of imports over exports	22,913	31,020	38,340	+ 7,320
Transshipments under bond	2,046	2,770	3,248	+ 478

FIRST NINE MONTHS (000's omitted)				
	1935	1936	1937	Change between 1936 and 1937
Total imports	539,906	607,979	741,888	+ 133,909
British exports	311,796	320,092	385,652	+ 65,560
Re-exports	40,544	45,713	59,375	+ 13,662
Total exports	352,350	365,805	445,027	+ 79,222
Excess of imports over exports	187,089	242,174	296,861	+ 54,687
Transshipments under bond	17,975	20,579	27,747	+ 7,168

Among the various categories of imports the greatest increase on the first nine months of the year in the totals by value has been in raw materials, etc., which have risen by 30 per cent.; food, drink and tobacco have risen by 27 per cent., and manufactured articles by 22 per cent. The present downward trend of the prices of these commodities is, of course, in our favour as importers, without as yet causing any fall in our exports. Eventually, however, after a long time-lag, this is an effect for which a careful watch should be kept.

Overseas Correspondence

From Our Special Correspondents

United States

Wall Street Decline Explained

NEW YORK, October 4.—Last week the stock market became sufficiently quiet to push its mere fluctuation into the background of discussion. This breathing spell permits some tentative comment. First, the highest-grade dividend-paying equities have dropped about 25 per cent. from their high levels in the spring. Secondly, a broader group of more speculative dividend-paying securities have fallen half as much again. Thirdly, non-dividend-paying equities have, in so many cases as to be almost typical, fallen about 50 per cent.

Such a decline spread over a period of months would have been serious enough. But the July rally carried prices nearly to the spring peaks; and the recent decline was compressed into about four weeks, from the middle of August to the middle of September. This decline brought prices that showed a dividend return of 6 to 10 per cent. on current yield. There is a choice of three explanations: that the long-term interest rate, evidenced by equity yields, is much higher than might be inferred from the rate on Government securities or gilt-edged bonds; that the decline has carried prices, temporarily and for reasons within the market itself, to levels which do not accurately capitalise earnings or accurately reflect the true value of capital; or that the market was discounting a future decline in earnings and, by implication, in the volume of industrial activity.

There is some validity in each of these explanations. In the past year the rate on long-term Government securities rose by something less than $\frac{1}{2}$ per cent.; but the difficulty of floating new issues implied a scarcity of capital for corporate enterprise much beyond anything that could be inferred from the movements of the gilt-edged market. There is no doubt that some liquidation has occurred for reasons not entirely clear. Sometimes this has been attributed to "European selling for European reasons," sometimes to sheer hysteria. It is certain that some liquidation was forced by the operation of the "Loophole Tax" Act passed in August.

Autumn Disappointments

Autumn business has disappointed the confident expectations of business men. In recent months it has been very difficult to interpret the significance of the indices of production, which largely reflect the steel and motor industries. In both these industries production in the first half of the year was affected by great and prolonged strikes. Consequently, the filling of orders placed early in the year was protracted to July and August, which are seasonally months of recession in both industries. As a result, the spring index of production did not rise as high as the demand for goods would have required; and in the summer the working off of old orders sustained the level of production above the level of fresh orders—at least in some lines. In short, if one could have an index of orders it would have shown a strong spring peak and a substantial ensuing summer recession; while the index of production (adjusted for seasonal) shows a flat plateau continuing from November, 1936, to the end of August, 1937.

As recently as Labour Day the business community was convinced that orders would appear in time and in sufficient volume to maintain, at least, the level of production; while financial circles were becoming increasingly sceptical. This scepticism was based on two reasons: the belief that current output was for old orders placed against lower price schedules than would apply to fresh orders; and the continued absence of new capital issues. For example, in the steel industry

both prices and wages were raised in the spring. The wage increases took effect immediately; and price increases are only now becoming the "prevailing price."

A New Price Structure

That is, a price structure in a great variety of lines, which had existed on paper for some months, is only now being experienced by the consumer. The test came in residential building much earlier, and there it had the definite effect of putting a stop to the upward trend. The consumer refused to "take it." The test in non-ferrous metals is also in process. The large copper consumers contracted for much of their 1937 requirements last December, at about 10 cents a pound. The advance to 17 cents in the spring was merely a quotation; even the 14-cent price was only partially effective. The test came when the copper contracted last December began to run out; the market dropped to 12 cents, then bounced back to 12 $\frac{3}{4}$ cents, the current figure.

That September was a month of lower industrial production than August is now apparent. Steel operations fell precipitately from about 85 per cent. of capacity at the end of August to below 75 per cent. at the end of September and to 66 per cent. in early October. Motor production was reduced, as companies switched to their new models; but production and sales of the old models were remarkably well sustained. Textile production was decidedly sluggish. On the other hand, freight car loadings in September reached a record for seven years. The outstanding question has now been answered definitely so far as the autumn is concerned. The orders that were awaited to maintain the level of production have not been forthcoming; and price has been a major factor.

Last winter this country experienced a seller's market for the first time for many years. This seller's market was pronounced in both commodities and labour. In primary commodities the seller's market expressed itself in steeply rising prices; in industry in general, by a large volume of orders; in labour, by liberal wage increases. The whole atmosphere of last winter was charged with "inflation-mindedness," and business men were persuaded that any advance in material or labour costs could readily be passed on to the consumer. The seller's market represented by rising primary commodity prices has changed; the seller's market represented by the volume of forward orders has changed. But the seller's market in labour was written into a large number of "collective bargaining contracts," which are not readily modified.

France

Communists Checked

PARIS, October 14.—The first ballot for the cantonal elections was a success for the Radicals, but a check to the Communists, whose results bore no relation to the remarkable efforts made to attract the electors by any and every means. The second ballot will change many of the provisional results. The four parties of the Popular Front have agreed to withdraw candidates everywhere in favour of their highest candidate on the list. But "republican discipline" will not always be followed. The conclusion so far is that anxiety has died down and the country has ratified the "pause."

The failure of the Communists to re-assert their strength may have important consequences, all the more because it coincides with a Radical success and the Socialists have held their ground. The way is now open for a fresh offensive by the Government on two main problems: foreign policy, notably the Spanish situation; and the modification of certain social laws, such as the

Germany

The Drive for Colonies

40-hour week, which M. Jouhaux himself has already stated at Prague must have an international application, otherwise it will favour foreign production against the interests of French labour.

The favourable results of this election, confirming, as they do, the decision taken last week at Rambouillet to speed up production, come at a time of difficulty in certain foreign markets, hitherto regarded as centres of security. This caused the franc to recover; and the atmosphere has been further cleared by a sympathetic speech made by Sir John Simon about French recovery and by the conclusion of a loan of 200 million Swiss francs to the French railways (4 per cent., issued at 99). It has also been announced that the £40 millions loan from England, which matures in December, may be renewed on favourable conditions.

It is clear that producers have recently been encouraged by the fall of the franc—which increases the competitive power of French exports—and by the resistance of the Minister of Finance to fresh claims for wage increases. There has also been an improvement in the relations between employers and workers. Never since M. Blum's first devaluation have general conditions been so favourable as they are now for a repatriation of exported capital, which would ease the position immeasurably. Prices, however, remain the great unknown factor in the situation. Rentes, on the other hand, are actually at the highest level of 1937, the 3 per cent. being quoted at 75.80, compared with 59.75 in June when the Blum Government resigned.

The Progress of Production

The directors of the new National Railway Company held their first meeting last Tuesday. The President emphasised that the first object of the new body was to restore financial equilibrium by economies and by an increase in receipts. The 1938 budget will be drawn up at once. There will be no increase in the staff.

The monthly figures published by the Statistique Générale showing industrial production in France are as follows (1913 = 100):—

	Aug., 1936	June, 1937	July, 1937	Aug., 1937
General index	93	102	100	91
Engineering	98	117	117	110
Iron and steel	73	106	104	91
Textiles	51	65	59	45
Mines, adjusted figures	87	95	96	74
Building " "	62	57	55	53
Leather " "	108	98	94	91
Paper " "	165	142	129	112
Rubber " "	949	833	872	904
Motors " "	413	433	448	438

In the motor industry, 10,195 automobiles were put on the road in August, 1937, compared with 17,306 in July and 17,011 in June.

The figures for the cotton industry are as follows:—

	May, 1937	June, 1937	July, 1937	Aug., 1937
Spinning (average per spindle in kilograms):—				
Production	1.734	1.929	1.783	1.141
Weaving (average per loom in pieces of 100 metres):—				
Production	4.16	4.90	4.88	2.86

It is to be noticed that the diminution of industrial production in August as compared with July was due to paid holidays in the summer of 1937. The recent course of prices has been:—

	Sept., 1936	July, 1937	Aug., 1937	Sept., 1937	Oct., 1937
Wholesale prices (1914 = 100)					
General index	404	579	590	617	618
Domestic products	451	584	602	630	636
Imported products	319	570	568	595	587
Foodstuffs	441	555	572	612	620
Industrial products	372	601	606	623	617
Retail prices (1914 = 100)	494	600	615	642	...
Lighting and heating (1930 = 100)	88.0	100.2	105.2	110.0	...
Clothing	61.2	93.7	96.4	101.2	...

Bankruptcies in September were 300, compared with 319 in August and 548 in July; judicial liquidations and bankruptcies were 407, compared with 438 in August and 711 in July.

BERLIN, October 13.—Anxiety about the international situation has not abated. Publicity is engaged in a great colonial drive; and has enlisted professors, who prove that Germans are good colonists and Britons indifferent; and Italians, who in the German interest proclaim the equality of colonial rights, but do not offer, in the interest of equality, to cede Abyssinia to the Reich. Charity begins at Rome.

The resolution of the British Conservatives has had a good effect; that is, it was conducive to British interests. The speeches and letters to the newspapers of Englishmen who want to solve the colonial problem in impracticable ways have had a bad effect. All these plans for admitting Germany to Mandates, giving her under conditions a part of her former colonies, international pooling, and so on, are received here with derision. The professors want to be real colonists—with virgin forests, differential calculus, and mosquitoes. With good ground they reject the arguments of the uncompromising British school that Germans are bad colonists, that colonies are worthless, and that present German trade methods are more worthless still.

The share market last week and early this week continued to sag, following the trend of foreign stock exchanges. The decline here, however, has been much smaller than in Wall Street and certain European markets. The business situation has not changed. The notion that a possible set-back to world trade would affect the Reich unfavourably is rejected in official statements. These, however, ignore the fact that the recent expansion of German exports and imports was mainly the result of world recovery, and in particular of the revival of investment.

Trade Compensation Virtually Ended

The Foreign Exchange Board has further restricted compensation deals in foreign trade. These are now expressly forbidden with 28 countries and with 26 other countries where clearing agreements exist. Nominally they are permitted in future with Palestine, Liberia, some British possessions in Africa and some Latin-American countries; but even there compensation transactions will be conditional on the impossibility of obtaining payment in exchange and on the avoidance of disturbance to buying markets. Since, in addition, the minimum value of a compensation deal is fixed at Rm. 50,000, compensation may be said to have been terminated.

The import of cereals continues to impose a strain on the exchange position. Wheat imports in September were almost at the summer level; and wheat imports in the first nine months of the year cost Rm. 133 millions. Imports of other cereals were valued at over Rm. 50 millions. Inspired Press statements indicate that foreign securities, registration of which at the Reichsbank was decreed last month, will be gradually bought up.

A declaration by the Reich Chamber of Economy has again called attention to the credit anomalies caused by the virtual disappearance of trade bills (replaced, it is true, with Reich special bills). In so far as credit is sought by industry, it is now taken largely in the shape of credits on current account at the banks for fixed terms or of book credits from deliveries. Debtors, whose credit would be badly shaken by failure to meet their bills, can treat book debts with less ceremony, and it appears

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that they increasingly do so. Where book debts to industrial sellers replace bills, the debtor often imposes the condition that the claim shall not be transferred to a third party. The Chamber of Economy has advised that bills shall be increasingly used as means of payment, and that the practice of forbidding the transfer of book claims shall be restricted.

Further Decline in Unemployment

The number of unemployed fell in September by 40,000 to 469,000, which is 7 per thousand of the total population. This is the lowest figure in recent years, though much larger than the lowest figure reached during the inflation period. Of the 469,000, some 157,000 were not fully employable. On October 1st the Reich Board for Labour Exchanges and Unemployment Insurance celebrated its tenth anniversary. This insurance has existed in the Reich only since 1927; and the Labour Exchange activities of the Board have very greatly increased since 1932. The Reich Finance Minister declares that the labour reserve is much larger than the registered half-million unemployed persons.

The Institute for Trade Research estimates the gross value of industrial production in 1936 at between Rm. 65,000 millions and Rm. 70,000 millions. The net value of products in their final stage of manufacture is estimated at between Rm. 30,000 millions and Rm. 35,000 millions. The values of the best pre-depression years have not yet been reached; but here again the explanation is the relative fall in prices.

The September report of the steel syndicates mentions a continued heavy home demand, without any increase of output. While export was quieter, the works had plenty of outstanding foreign orders. Gross exports of heavy iron and steel declined slightly in August for the first time since February, while imports were practically unchanged. The report of the Steel Trust for the months July to September shows slight increases in the output of pig-iron and ingot steel compared with the preceding quarter.

In the whole business year ended on September 30th, coal production was 25,898,500 tons compared with 22,319,800 tons in the preceding year. The output of pig-iron was 6,041,000 tons compared with 6,027,300 tons, and of ingot steel 6,280,800 tons compared with 6,397,700 tons. It is officially stated that the Four Year Plan insures against any decline in the demand for iron and steel. The Ruhr Coal Syndicate has reduced its assessment to Rm. 3.22 per ton, apparently because of an increase in the proportion of sales made in the "uncontested" or high price districts.

Austria

Austria and Trieste

VIENNA, October 7.—By special treaty with Italy, an Austrian State Office has been established in Trieste to facilitate the customs arrangements for the seagoing trade of Austria. There is no question of extraterritoriality, no separate jurisdiction, no *enclave* or treaty port.

Trieste, the sole exit of pre-war Austria to the sea, was favoured with differential freight rates and through tariffs on the railways and shipping lines, and with reduced customs duties for numerous colonial products. Thus, Austria's export and import trades were attracted to the port of Trieste and the hinterland of Trieste was artificially extended far north into old Austria's most industrialised provinces.

Losing the Austrian hinterland, Trieste, for a long period after the war, lost her commercial importance, being at a geographical disadvantage compared with the national Italian ports, Venice and Genoa. (The same applies to the port of Fiume in relation to Hungary and Yugoslavia.) The Italian Government has made great efforts to improve the traffic amenities of Trieste. The technical equipment of the port, both for passenger traffic

and for handling merchandise, has been enlarged at great cost. Aided by special bodies abroad, especially in Vienna and Prague, the Italian Government has been remarkably successful in reviving Trieste, especially in 1937.

Goods arriving in Trieste by sea in the first six months of 1937 amounted to 986,000 tons, compared with 698,000 tons in the corresponding period of 1936. Outgoing shipments rose from 348,000 tons in the first half of 1936 to 564,000 tons in the first six months of 1937. Trieste's natural relations with Austria are reaffirmed by the steadily increasing share of Austria in the traffic of the port. Some 192,000 tons of the imports went to Austria and 160,000 tons of the exports came from Austria, while Italy's share was only 127,000 tons of imports and 146,000 tons of exports. The old traditions of Austria's seaboard export trade are still effective in favour of Trieste, in spite of altered frontiers; the artificial attachment of Trieste to the industrial districts of Austria has been carefully maintained.

Progress since 1923

After fourteen eventful and difficult years the President of the Austrian Nationalbank has carefully examined Austria's progress, omitting as abnormal the chaotic years from the end of the war up to the reconstruction work of the League of Nations (1922), when the import of corn, condensed milk, canned meat and coal were matters of life and death. Comparing the home production and imports of the most important foodstuffs in 1923 and 1936, the figures are:—

Year	Production (In 1,000 quintals)	%	Import (In 1,000 quintals)	%
Wheat ... { 1923 ...	2,419	33	4,913	67
{ 1936 ...	3,678	63	2,181	37
Rye { 1923 ...	4,023	76	1,296	24
{ 1936 ...	4,605	81	1,061	19
Barley ... { 1923 ...	1,710	63	987	37
{ 1936 ...	2,531	85	460	15
Oats { 1923 ...	3,754	82	831	18
{ 1936 ...	4,029	94	270	6
Potatoes { 1923 ...	14,262	95	779	5
{ 1936 ...	24,994	100	76	—
Sugar ... { 1923 ...	473	31	1,037	69
{ 1934-36	1,919	99	28	1

Milk and dairy products also show improved consumption and increased home production. Exports have replaced imports.

	Excess of Imports (—) or Excess of Exports (+) in quintals*
	1923 1936
Milk	— 200,000 + 114,000
Butter	— 16,000 + 35,000
Cheese	— 43,000 + 31,000
Condensed milk	— 80,000 + 300

* Approximate figures.

The production of black coal was 3,700,000 quintals less than imports in 1923, but in 1936 only 2,400,000 quintals less. The import surplus of brown coal, which was 828,000 quintals in 1923, fell to 150,000 quintals in 1936. In 1923 the production of electric power amounted to 1,900 million kilowatt hours; in 1936 it has risen to 2,550 million kilowatt hours, and the export of electric power increased from 20 million kilowatt hours to 341 million kilowatt hours in the same period. The monthly average of production has improved as follows:—

	1923	1937 (to date)
Iron ore (in 1,000 tons)	100	134
Wood pulp (waggons)	681	807
Cellulose (waggons)	1,064	2,454
Paper (waggons)	1,275	1,934
Pasteboard (waggons)	363	446

The import surplus was 1,141 million schillings in 1932; it fell to less than 300 million schillings in 1936 and is still decreasing. Austria's debts to foreign countries are also falling. Between 1932 and 1937 they were reduced by about 2,200 million schillings, or 51 per cent., this including the reductions caused by the devaluation of various foreign currencies, but not including the considerable amount of Austrian stocks which have found their way back to Austria. The interest on Austria's foreign debt, which was 282 million schillings in 1932,

has decreased to 110 million schillings by the reduction of the capital and of the rate of interest. Gold in the Nationalbank rose from 241.4 million schillings at the end of 1932 after the crisis of the Credit-Anstalt to 341.9 million schillings at the end of 1936. The Nationalbank was able to sell *devisen* for imports, and the accounts of Austria with other countries controlling foreign payments are favourable for Austria. The *devisen* needed for the payment of foreign debts have also been granted by the Nationalbank without diminishing the gold reserve.

Estonia

The Growth of Industry

TALLINN, September 26.—M. Eenpalu, the Prime Minister, the protagonist of agricultural interests in Estonia, pointed out during a recent tour of inspection through the heavy industrial region in the Eastern part of the country, that Estonia was not only an agrarian country but was on the way to becoming an industrial State. The number of persons employed in heavy industry on July 1, 1937, was 51,953 and showed an increase of 20 per cent. over the figure for July 1, 1936, and an increase of 50 per cent. over the total of persons employed during the period of economic prosperity before the world crisis. The index of employment in heavy industry (1927-31=100) reached 140.6 in the first half of 1937, compared with 121.5 in the first half of 1936.

The increase in employment in the shale oil industry, where plant is still being considerably extended, is particularly marked. The production of crude oil, which is chiefly marketed in Germany, amounts to about 10,000 tons a month, compared with 5,000 tons a month last year, and it is estimated that production in 1938 will rise to 200,000 tons. Plant is being extended in the State works and in those owned by a Swedish financial group, while similar plans are under consideration in the concerns financed by German and British capital. The problem of the benzine deposits has recently been solved under the new trade agreement to export to Finland with a period of 10 years, about 10,000 tons of shale-oil benzine free of duty.

Problems of Industrialisation

In other branches of industry a process of rationalisation and adaptation to domestic market requirements may be observed; domestic purchasing power has considerably increased because of favourable economic conditions. A natural consequence of this process of industrialisation is the increase in imports of raw materials, semi-manufactured goods and, particularly, machinery, which has resulted in an import surplus. During the first seven months of the year, goods to the value of 62.2 million kronen were imported into Estonia, compared with a value of 46.4 million kronen during the same period of last year. Exports were valued at 51.1 million kronen, compared with 44.7 million kronen. Although exports of agricultural and industrial products show a considerable increase, principally owing to more favourable prices, this increase is completely overbalanced by the increase in imports, due partly to the heavier demand for productive machinery and partly to the poor harvest in 1936.

Although this year's harvest is better than last year's, it has caused some disappointment since the corn is very light in weight. The agricultural position may, however, on the whole be regarded as favourable, since prices are better. This is particularly so in the case of grain, butter and meat.

The labour question has recently created a difficult problem. Unemployment has for some years now been liquidated in Estonia; and a shortage of labour is making itself felt in several trades, particularly in agriculture, where wages have risen correspondingly. As a result of higher wages and more favourable living conditions,

an increased movement of workers from the country into towns and industrial regions is taking place, which has forced farmers for the first time to introduce foreign labour from Poland. The shale oil industry is in a similar plight, where, in spite of protests from local labourers, Polish miners have been employed.

In conjunction with the rise in price levels there has been for some time a corresponding rise in the cost of living. The general index of the cost of living (1927-31=100) was 97.1 in July, compared with 92.8 in July, 1936, and 81.0 in July, 1935. This rise in the cost of living has led workers in the heavy industries to demand an increase in wages. The officially instituted Settlements Commission has met these demands, thus in turn compelling the employers to instal more modern methods in their enterprises and to mechanise production.

New Zealand

The Government's Programme

CHRISTCHURCH, September 11.—The opening of the session has been delayed on account of trips to the Coronation and Imperial Conference by the Prime Minister and other members of the Cabinet. The Government has promised general health insurance and superannuation schemes, probably after the Christmas vacation, and some of last year's legislation may require revision. The Courts have recently decided that clerical work does not come within the scope of the industrial legislation, and this is likely to be amended and made to cover a wider field.

In addition, there are many complaints about rising costs consequent upon the Government's programme. Estimates of the increase in labour costs range from 20 to 30 per cent. Manufacturers complain that, in



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present conditions, they cannot compete in price with imports; farmers want higher fixed prices for wheat, and better guaranteed prices for dairy produce, and complain that they cannot pay wages comparable with the rates ruling on public works. Labour complains that the cost of living is rising, and the benefits of higher wages are being lost.

Meanwhile, bank funds abroad have fallen by £NZ7 millions during the past year, despite an active trade balance of £NZ14½ millions, of which about £NZ10 millions is required for interest payments, etc. The balance of payments has therefore been against the country and there appears to have been an outward flow of investments to countries where conditions are more attractive.

Foreign Trade and Internal Prosperity

The year ended June, 1937, has been marked by a large expansion of external trade. The value of exports reached £NZ64.6 millions, a figure of £NZ7 millions greater than the highest pre-depression record, and £NZ11 millions higher than in 1935-36. Most of the increase was in wool, which realised £NZ12.8 millions for 846,374 bales, compared with £NZ12.8 millions for 918,471 bales in the previous year. Expressed in sterling, exports are now slightly higher than the average of the eleven years 1920-1930, a lower sterling price level being offset by larger quantities. Import trade has responded to the increase in purchasing power and demand consequent upon the rise in export income; imports for the year totalled £NZ50.1 millions in value compared with £NZ39.5 millions in the previous year. The increase is well spread over a wide range of construction and consumption goods and, if allowance is made for the

reduction in imports due to the suspension of external borrowing, the value of imports expressed in sterling compares favourably with pre-depression years, while the quantities are greater. In both volume and value, therefore the recovery of the Dominion's external trade appears to be complete, though there is still ample scope for further expansion.

The increase in export income is reflected in internal conditions. Average weekly bank deposits, which fell to £NZ11 millions in 1932, rose to £NZ16 millions in the June quarter of 1936 and to £NZ19.2 millions in the same quarter of 1937. The yield of the sales tax for the year ended in June was 24 per cent. higher than in the preceding year. Land transfers and building permits have increased only moderately, but savings bank deposits show a high rate of accumulation, motor and radio licences have expanded considerably, and totalisator investments are 33 per cent. higher than last year. Some unemployment remains, but, allowing for seasonal influences, has been reduced to less than half its highest level.

Public revenue is also showing the effect of this general improvement. Tax revenue for the first quarter of the financial year was £NZ900,000, or nearly 20 per cent. higher than in the same quarter of last year, while the rates of tax were unchanged. Total revenue for the quarter increased by £NZ1.2 millions, and expenditure increased by only £NZ88,000. At the present rates of taxation, it appears likely that the yield of taxes this year will be not less than £NZ35 millions, about double the total yield of taxation in 1928-1929. A committee has, however, been investigating taxation, and there are some hopes of a downward revision when the Budget is presented, probably in September.

Letters to the Editor

Germany's Claim to Colonies

TO THE EDITOR OF THE ECONOMIST

SIR,—Current discussions of Germany's claim to colonies rarely make sufficient allowance for the fact, cursorily mentioned by Mr Keynes in chapter four of "The Economic Consequences of the Peace," that the terms on which Germany laid down her arms contain a pledge that she shall retain her colonies. This pledge is to be found in President Wilson's address of February 11, 1918, which, unlike his address containing the fourteen points, was accepted without any qualification by the Allies as part of the peace terms.

In this address Wilson lays it down that transfers of territory may be made only with the approval of the whole civilised world; and he endorses more than once the Reichstag resolutions of July 19th. The relevant portion of the July resolution reads thus: "The Reichstag strives for a peace of understanding and the permanent reconciliation of the peoples. With such a peace, forced acquisitions of territory, and political, economic or financial oppressions are inconsistent. The Reichstag also rejects all schemes which aim at economic barriers and hostility between the peoples after the war." Wilson's endorsement of the principles laid down in this resolution is part of the terms on which Germany surrendered.

The non-fulfilment of our pledges is due to failure to realise the facts, not to bad faith; but it provides Hitler with a genuine grievance which has helped him to power. Colonies may have no economic value; but the lack of them wounds Germany's pride, and so prevents moral disarmament or goodwill which is the indispensable condition of peace.

Is it more reasonable to suppose that the Allies' failure to keep faith with Germany, which has engendered so much bitterness in the past, will bring about appeasement and reconciliation in future, or to suppose that if continued it will lead to even greater bitterness in future and ultimately to war? The following answer to this question is given by Messrs. R. J. Woodward and Paul Chadburn on p. 46 of their "History of Our Own Times," and is worth consideration. "The allies therefore cannot be completely exonerated from the responsibility for the Nazi revolution. By their

delays in granting overdue concessions and by their failure to carry out solemn pledges, they contributed to the hostile feeling which Hitler organised and fostered so skilfully. That being so, it would be absurd to argue that further concessions should not be made until the temper of Germany has changed. It is precisely this attitude which aggravates the trouble. To continue to treat 60,000,000 people as the pariahs of the world would be criminal folly." (The italics are mine.)

We as a nation can at least remove from ourselves the stigma that inevitably attaches to any failure to honour a pledge; for we can still carry out our pledge so far as territory mandated to us is concerned.

Yours etc.,

T. G. G. POWELL.

Moffat.

The Economic Value of Human Life

TO THE EDITOR OF THE ECONOMIST

SIR,—Mr Ernest Bevin lately welcomed the increasing interest in public health, and stressed the "actual capital value in output and gain to the community of an efficient worker." Two English economists of the seventeenth century, Sir William Petty and John Graunt, were the first to realise that the wealth of nations depends essentially on the economic value and potentialities of their populations. By calculations of the average income of a wage-earner, they tried to find out the face value of the productive capital represented by such a wage-earner, as well as by the whole wage-earning population.

When a movement was started in this country against the ruthless exploitation of human labour in the first third of the nineteenth century, human life immediately became regarded again as an asset of increasing economic value. There existed no comprehensive fund of private statistics and so, when I was officially asked in Germany at the beginning of this century to obtain concrete figures, I was compelled to rely on the methods of Petty and Graunt—avoiding their error of capitalising the average income to

find the economic value of an average wage-earner. Wages cannot be compared with interest on invested capital; they are more like annuities, paid only during an individual's normal working life.

My calculation that the capital value of an average Prussian workman at that time was about £800 aroused much interest. I had succeeded in ascertaining the approximate economic value of unnecessary loss of human life—from child mortality, inadequate hygiene, venereal disease, consumption or traffic casualties. This was a strong incentive for furthering social legislation.

Critics may argue that figures of this kind are fictitious. The same objection could be raised to estimates of national wealth or of the capital value of the world's gold stock. But I am aware of the "relativity" of my figures: they have nothing to do with ideal or moral values; and are mainly meant to remind economists and public authorities of their sins of omission.

Almost everywhere the centre of economic interest is being shifted from capital to labour; and the centre of interest of a worker's life from work to leisure. If a man is doing his job as a whole man and not as a robot, and if self-earned income and not a comfortable revenue becomes the economic ideal of man, then quite new fields will be opened for investigations of the economic value of human life.

Yours faithfully,

LEON ZEITLIN.

55 Compayne Gardens, N.W.6.

Food Storage for Defence

TO THE EDITOR OF THE ECONOMIST

SIR,—The article by Sir Arthur Salter on "Food Storage for Defence," two weeks ago, is one of great importance and interest, and having worked for some months on one aspect of the food storage problem I found Sir Arthur's general survey of the greatest value in giving perspective to the national problem as a whole.

With regard to the vulnerability of shipping it seems clear to me that an obvious need is the restoration of many of our minor ports. Such ports can either be general coastal harbours, such as Maryport, or inland docks, such as Gloucester or King's Lynn, which have all had adequate facilities in the past and could easily be expanded to deal with large tonnages in the future. Combine this increased number of ports with a large number of smaller vessels such as are now plying between the Continental ports and England, and the risks of loss from enemy blockade must be decreased.

There is an opportunity for re-examination of the value of our inland waterways as a means of carrying the stored foods from port to store and, if it is necessary, store to mill again. Water carriage is still the most economical means of carrying bulky goods from overside a ship to an inland destination.

Wheat seems to be one of Sir Arthur's main pre-occupations. Wheat falls into the carbohydrates group and carbohydrates are essential for manual workers, but as shown in Lord Astor and Dr Keith Murray's book, "World Agriculture," the carbohydrate requirements of this mechanical age are fast decreasing. Allowing for this decrease, however, the starch products as a group bulk large in contemporary human diet and must be counted as one of the major items of the nation's food supply. But is it necessary for the carbohydrates to be derived from one form of starch in such great preference to any other? Potatoes are much more easily produced in Great Britain than wheat, and we are such large producers already, as is shown by Sir Arthur's figures, that the industry could easily be expanded. Dried peas are another large source of starch in the national diet, whether stored in packets or in cans. Maize or cornflour is another bulk basis along with many more. Most of these can easily be rendered into flour which, as Sir Arthur rightly points out, is one of the most convenient and compact forms of storage. Given dry warehouses or silos, flours of any description, whether produced from wheat or maize, peas or potatoes, can be stored for any long periods without harm.

Sir Arthur, in dealing with storage alone, has probably not paid sufficient attention to the possibility of preserving and condensing stocks, or making them available for storage by the primary processing industries. The milling of flour is a case in point; the drying of vegetables is another; the curing and chilling of bacon is a third; and most surprising omission of all is Sir Arthur's entire disregard of the canning process. Food stored in cans is as

little altered from its original form as is compatible with the necessary sterilisation, and therefore retains a very high proportion of its full nutritional value. It has the further advantage of being so sealed that its storage life is a long one, and it is at all times protected from the external dangers of atmosphere, animals or gas.

Finally, storage is not a static matter, but involves a most complicated system of ever-revolving stocks, constantly replacing the oldest by the newest and, if possible, relating this movement to the normal flow of the trade concerned. Unless the date of the next war is known more exactly than most of us feel competent to guess, then any storage plan must include such revolving stock. For that reason a plan which, at any rate in part, provides for an increase in stocks at the normal points of storage in mills or distributors' warehouses is preferable to one that is built up in isolation from the normal flow of the foodstuff in question. There is also the problem of any increase or decrease in the total stocks that are to be held, or even the problem of a possible total liquidation when the Government feel that a pacific period of years lies ahead. In such circumstances, the greatest care will have to be exercised that the sudden increase or decrease of the consumable stock does not unduly upset the market, or react too harshly upon the primary producers of this country or of the world.

Whatever the difficulties or the multiplicity of the solutions the main point of Sir Arthur's article stands unassailed, that food storage is at least worthy of the 4 per cent. or 5 per cent. consideration in any plan of national defence that it would cost.

Yours truly,

GEORGE W. CADBURY.

64 Aylestone Avenue, N.W.6.

World Crisis

TO THE EDITOR OF THE ECONOMIST

SIR,—In the midst of all the tumult may we suggest that the answers to three short questions will provide one way out. What settlement will satisfy Germany and Italy? How far can we go to meet their demands? Is the difference between them worth a war when we remember that the last war settled nothing?

Yours faithfully,

DAVID AND EVELYN PEAT.

Ditchling, Sussex.

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Books and Publications

Australian Banking Inquiry

MR MACDONALD appointed the British Macmillan Committee on Finance and Industry in November, 1929. It reported in June, 1931, twenty months later, and set a fashion in the Empire. Two years later Lord Macmillan went to take the chair of a Canadian Royal Commission on the same subject. Despite, or because of, his previous experience of exhaustiveness, this time he reported in a mere two months. Then, in 1934, came New Zealand's turn—Major Douglas being present the word is perhaps appropriate—which occupied four months. Last came Australia, which atoned for its tardiness by sitting longest and producing, this summer, the most lengthy report of all. South Africa, as perhaps befits the world's largest gold producer, has so far refrained from officially discussing monetary reform. But even she can scarcely resist such a demonstration of Imperial unity.

These four reports form a compact group and can with advantage be read together, and not only by those interested in the technical details. None of the last three has the fire and wit of the British report, but each has literary qualities of no mean order. Canada's report is a stately, solid piece of work. New Zealand's is earnest and regards bad theory with a repugnance usually reserved for sin: even the four commissioners who signed a minority report, though not averse from queer theory, thought banks wicked. The latest of the series is more sophisticated, and more academic in the arrangement of its full and precise survey of the Australian economy. It argues its points fully and fairly, even, in fact, a little pedantically. For example, it does not, like the British Committee, leave Major Douglas to curious searchers among the minutes of evidence, nor does it, like the New Zealanders, fill its pages with rather agitated polemics against him: it gives instead full sixteen pages to the best and soberest refutation of his ideas so far published. It is able and painstaking rather than brilliant or weighty or earnest.

But it is not only a common literary interest that gives these reports a certain unity. They are also unanimous in the general trend of their recommendations. One and all they inculcate the principle of monetary management and of the responsibility of Central Banking. They consecrate the support of these principles by public opinion throughout the Empire, and they give them their classical statement by lay authorities. Indeed, a little calculation might suggest that they record their progress. The British report of 1931 has addenda, reservations and minutes of dissent which in length equal 48 per cent. of the report itself. In the Canadian report of

1933 they take up 18 per cent.; in the New Zealand report, in 1934, 16 per cent.; and in this Australian report of the present year no more than 6 per cent., and even then they are reservations of small moment. For all intents and purposes it is unanimous.

This unanimity is all the more impressive because of the profundity of the Commission's researches. Their report is admirably documented. They, like the author of the father of all commentaries obviously destined to become a textbook, divide their subject into three parts. The first describes the Australian economy and the history of its banks with a wealth of detail. The second deals with Monetary Reformers rather than monetary reform. The third sets forth the desiderata for Australian banking, compares the actual with the ideal, and makes proposals for a *rapprochement*. These latter are discussed by an Australian correspondent from the technical point of view in an article in the Banking Supplement published with this issue of *The Economist*.

One feature of the objectives of policy may be noted in passing. The British Macmillan Report stated the object of Central Banks to be "to maintain the stability of international prices both over long periods and over short periods." This report tells the Commonwealth Bank to "make its chief consideration the reductions of fluctuations in economic activity." In both cases the ultimate aim is, of course, identical, but the alteration in emphasis indicates a change in opinion about methods, interesting as a lesson taught by the past six years as well as a reflection on the special position of raw material producing countries. The rest of the report shows clearly why the change has come about, and gives it an interest of its own. In fact, in every way this is a volume worthy of its predecessors and to be read by anyone interested in contemporary economic life.

Shorter Notices

"Elements of Economic Theory." By Erich Roll. (London) H. Milford. 276 pages. 5s. net.

Professor Roll attempts to provide an introduction to the big treatises on economic principles. He gives a summary and occasionally simplified treatment of the major problems of theoretical economics. The reader will not particularly enjoy this book—unless he likes the intellectual exercise of elementary theory—but he will enjoy Marshall and Wicksteed and Pigou more afterwards than he would otherwise have done. The only gratitude the author will get from those he is writing for will be accorded years after they have read his book. By then they will have found that Professor Roll has helped them unobtrusively over many awkward and uninteresting stiles, and guided their steps to the really interesting things in difficult theory with a minimum of unnecessary divagation.

"The Principles of Auditing." By F. R. M. de Paula. (London) Pitman. 338 pages. 8s. 6d.

This is the ninth edition of Mr de Paula's well-known work. That it should follow within a year of the eighth edition is evidence of the important position which it holds, and of the author's determination to keep his work abreast of the rapidly-changing times. Mr de Paula is an innovator in the realm of company accounts. This work, then, is not merely a leading text-book. It is also a powerful argument for more informative company accounts, on the lines which he has pioneered in his own company.

Books Received

Some Modern Business Problems. By Arnold Plant and others. Longmans, Green and Company, Ltd. 336 pages. 7s. 6d.

Organisation and Finance of Industries in India. By D. R. Samant and M. A. Mulky. (London) Longmans, Green and Company, Ltd. 302 pages. Rs. 7-8.

Life and Labour in a Gujarat Taluka. By J. B. Shukla. (London) Longmans, Green and Company, Ltd. 291 pages. Rs. 6.

Railway Rates in Relation to Trade and Industry in India. By R. D. Tiwari. (London) Longmans, Green and Company, Ltd. 333 pages. Rs. 7-8.

Problems in Labour Relations. By H. Feldman. (London) Macmillan and Company, Ltd. 353 pages. 8s. 6d. net.

MONEY AND BANKING

Federal Reserve Policy

WITHIN the last twelve months a radical change has come over the credit policy of the Federal Reserve System. A year ago, the emphasis of the Board's policy was laid upon the necessity of reducing the superabundant supplies of credit available to the banks of the country. But this year the authorities have taken a great variety of measures with the precisely opposite end in view. In 1936 the watchword was, if not restriction, then at least the avoidance of too rapid expansion of the monetary structure. To-day the policy aims, if not at inflation, then at least at preventing any further credit contraction. The story of the events which have led to this surprising reversal is both interesting as monetary history and also instructive to students of Central Banking practice.

In the summer of 1936 there was every justification for a certain uneasiness in Washington over the rate at which monetary expansion was proceeding. It is a cardinal principle in the current economic philosophy of the United States that the miseries of the depression were directly due to the excesses of the preceding boom, and that the only way to prevent another slump is to prevent another period of inflation. There was certainly no inflation in America in the middle of 1936; on the contrary, recovery had only recently got into its stride. But on the other hand, the demand deposits of the member banks of the Reserve system had risen from about \$12,000 millions in the middle of 1933 to over \$20,000 millions in June, 1936. They were considerably higher than in 1929 and rising at the rate of about \$3,000 millions a year. Clearly, if inflation was to be avoided, the continuance of this tendency could not be regarded with equanimity. Such, at least, was the official view.

It was unreasonable, however, to expect any cessation of the rise in deposits, so long as the member banks had a superabundance of reserves. The position in the middle of 1936 was that the law required the member banks to hold reserves, in the form of balances at the Federal Reserve Banks, of a little short of \$3,000 millions. Actually, the volume of what in England would be called "bank cash" had been swollen by the devaluation of the dollar, by continued Federal deficit-financing and, pre-eminently, by the enormous imports of gold. The member banks had, in fact, reserve balances of almost \$6,000 millions. These would have been sufficient for a volume of credit almost double what already existed. Moreover, their other forms of reserve had similarly increased. "Cash in vault" in June, 1936, was more than 60 per cent. higher than in June, 1933, while the balances kept by out-of-town banks with New York City institutions had almost doubled. Low interest rates were tending at one and the same time to stimulate the public demand for credit and to put pressure on the banks to expand the scale of their operations in order to maintain their rate of earnings.

The Board of Governors of the system met this situation by using the powers conferred upon them by the Banking Act of 1935 to increase the minimum percentages of reserves required by law to be kept by the member banks. On August 15, 1936, these percentages were raised by a half, with the result that some \$1,400 millions of reserve balances were transferred from the "excess" to the "required" category. But continuing gold imports promptly inflated the excess reserves again and by December, 1936, they once more exceeded \$2,000 millions. Further measures were clearly necessary if the Board's intentions were to be realised. The first step was to ensure that excess reserves should not be further

swollen by any future gold imports; this was accomplished by the Treasury's decision to purchase for "sterilisation" any gold imported. This sterilisation policy has had the effect of stabilising the total reserves of the member banks for the first time since 1932. The second measure was to increase the reserve requirements still further in order to reduce the excess reserves to manageable proportions. It was decided to increase the required percentages to double what they had been before the first increase in August, 1936. This increase was made effective in two stages, on March 1st and May 1st, 1937.

By these measures the authorities succeeded in putting a stop to the increase of total reserves, which have been stabilised at just below \$7,000 millions. They also ensured that, of this total, \$6,000 millions should be impounded as "required" reserves against the member banks' deposits. The margin for further expansion of credit was thus reduced to rather less than one-sixth of the current requirement.

The Board had been careful to make it clear that they had no intention of forcing a contraction of the volume of credit, still less a rise in interest rates. Their sole object was to put themselves in a position to control any further expansion. They had good reason for believing that the measures they had imposed would achieve this limited object without going further and initiating an actual contraction. A margin of "excess" reserves of about one-sixth of the requirement was, it is true, much smaller than the previous figure. But before 1932, excess reserves were entirely unknown. All through the period of the 1920's, the member banks not only had no margin of excess to spare but had to borrow a varying proportion of their requirements from the Federal Reserve.

It soon became apparent, however, that the policy was having unexpected results. True, there was no contraction in the total of deposits, and the rates of interest charged by banks to their customers continued to decline. But there was an undesired reaction upon the bond market. This can be explained chiefly by the movements of funds between the different parts of the country. The first increase of reserve requirements in August, 1936, fell with particular severity on the member banks in the two "Central Reserve cities," New York and Chicago. These banks, having the highest required reserve percentages, had to meet the largest increase. The increase alone in the requirement against demand deposits was 6½ per cent. At the same time these banks were meeting with a strong demand for loan accommodation. In the second half of 1936 they had to find \$833 millions of increased reserve requirements and \$427 millions for increased loans. Of this total, \$501 millions were found out of their excess reserves. But to provide the rest, the New York and Chicago banks were compelled in the autumn of 1936 to start realising some of their swollen holdings of Government securities. By the end of the year, their total investments had fallen by \$555 millions. The effects of these sales were, however, masked by the fact that the banks outside these two cities were able to continue buying bonds. The holdings of all member banks in the six months fell by only \$127 millions.

In the second phase of the "mopping up" policy, in the early months of 1937, these effects were redoubled. The New York and Chicago banks had to find a further 6½ per cent. of reserves; the pressure for loans increased; and this time there was no offsetting factor in unsterilised gold imports. Moreover, there was a new factor

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at work. The country banks (i.e. those outside both the two Central Reserve cities and also the other Reserve cities) preferred to meet their increased reserve requirements by drawing on their balances in New York and Chicago rather than by depleting their excess reserves. This preference is intelligible; since no interest is paid on either category of deposit, a country bank might well prefer to have its surplus cash deposited in its local Federal Reserve Bank rather than in a member bank in the Reserve cities. The result, however, was to impose another strain on the financial centres. In the first half of 1937, the banks of New York City and Chicago had to find \$632 millions in increased reserves, \$462 millions in additional loans and \$542 millions in redemption of balances deposited by out-of-town banks. Moreover, the banks in the other Reserve cities were feeling the same pressure. They had to find \$459 millions, \$199 millions and \$516 millions respectively for these three purposes. The result was that the selling of bonds by the Central Reserve city banks was much heavier, and that they were joined by the Reserve city banks. Between them they sold \$1,232 millions of bonds in the first six months of 1937. The country banks were still buying; but the holdings of all the member banks taken together fell by \$856 millions of Government bonds and \$330 millions of other bonds.

The natural result of these sales was to produce great weakness in the bond market. So long as the Federal Budget is in deficit and a large part of the National Debt is in short-dated securities, the Treasury cannot well afford to allow the bond market to be undermined. In fact, during the period of these sales there was a net increase of \$1,240 millions in the total amount of Government obligations outstanding. The Government bond market had to absorb over \$2,000 millions of bonds in six months with the large banks, the biggest buyers of the last four years, turned sellers.

This weakness in the bond market was not the only disconcerting change in the outlook. The level of other security prices was affected and though Washington, under the present Administration, may profess a fine disregard for Wall Street, it must nevertheless pay attention when the market is as weak as it has been recently. Moreover, there are now signs that industrial activity itself is being adversely affected. This may not be directly due to Federal Reserve policy, but a period of hesitating industrial activity is one for expansion, rather than for contraction, of credit.

In the last two months, accordingly, the policy has been completely reversed. The bond market has been directly supported by the purchase of bonds in the open market by the Federal Reserve Banks. This will also, of course, have the effect of increasing the reserves of the member banks, primarily in New York City. The same result will follow the sale of \$300 millions of gold from the Treasury's inactive, or sterilised, account. And finally, if, after these measures have taken effect, the banks of the large cities still find themselves in need of cash, every inducement has been offered to them to meet their requirements by borrowing from the Federal Reserve rather than by selling bonds. The New York rediscount rate has been reduced to the unprecedented figure of 1 per cent., and almost all restrictions have been removed from the character of paper that will be accepted as security for loans.

These steps have already had the desired effect of increasing the reserves of the New York banks. Whether they will also stop the sales of Government bonds is more doubtful. The total investments of the "reporting member banks" (which consist entirely of banks in large cities, but are much more numerous than the New York City banks alone) have continued to decline, and are now nearly \$2,000 millions lower than a year ago. All American banks in recent years have been holding a far higher proportion of Government bonds than usual; the weakness in the market this year has alarmed them, and it seems probable that the sales will continue. Whether the reversal of credit policy will reverse the trend of the security markets and of industry is an even more fundamental problem whose answer will be eagerly awaited.

Financial Notes

The Franc's Recovery.—Early this week the position of the franc was completely reversed. A strong demand for francs set in over the week-end, and, in spite of heavy sales of francs by the French Control, the spot rate for sterling dropped from Frs. 150½ to Frs. 146½. Forward francs were also in demand, and the three months' rate narrowed from Frs. 7½ to no more than Frs. 2½ discount. The French Control was able to buy substantial quantities of sterling and dollars, and, according to one guess, its purchases of sterling alone amounted to a sum of the order of £25 millions. The reason for this rally is only too easy to see. It is all a question of relative fear. Hitherto the French have been more afraid of their own currency than of the situation in foreign centres, but early this week the break in the London and New York stock markets, accompanied by a host of unjustifiable rumours, turned the balance of fear the other way and induced a hurried repatriation of French capital. As further proof of this comes the fact that by Thursday, when steadier views of London and New York had been established, francs once more began to be offered, so that the spot rate came up to Frs. 147½, while three months' francs widened to Frs. 4½ discount.

The Swiss Loan.—According to reports from Paris, a loan for the French railways has been successfully arranged with a Swiss banking syndicate. The amount mentioned is Sw.Frs.200 millions, equal to about £9,000,000 sterling. The loan will bear interest at 4 per cent., will run for two years, and is being issued at 99 per cent. It is possible to argue that Switzerland is relending to France part of the French funds which have taken refuge in Switzerland, though if this line of thought be followed it is necessary to emphasise that the loan is granted and is repayable in Swiss francs. Thus it will come as a welcome reinforcement to France's foreign exchange resources, and the report of its conclusion may be one of the factors behind this week's rally in the franc. There is no news yet of any arrangements for the repayment or renewal of the French railways' sterling credit, which falls due shortly. Obviously the French authorities would like to renew it, but so far London has been careful not to express any opinion. It is all a question of the yield on the credit and, more important still, of the security behind its ultimate repayment. On the other hand, the French gold reserves in themselves should provide adequate security, and, in view of present international conditions, it would be undesirable to add in any way to existing French financial embarrassments.

The Foreign Exchanges.—The market was dominated by the rally in the franc, discussed in a previous Note. Dollars depreciated slightly against sterling, the New York rate rising from \$4.95½ to \$4.96½. Swiss francs, guilders and belgas were also offered against sterling, the spot rate for belgas rising from bel. 29.38½ to bel. 29.45. The reason for all these movements lies in the repatriation of French funds. The actual procedure is for francs first to be bought from the French authorities in exchange for sterling, and for the sterling then to be bought in London or elsewhere in exchange for Swiss francs or guilders. In other words, the repatriation from Holland or Switzerland to France is being made through London. Argentine pesos and Canadian dollars are unchanged, the latter being at a small premium in New York. Far Eastern rates are also unaltered.

Anglo-Italian Clearing Results.—The totals of payments to this country for the first five quarterly periods of the Anglo-Italian Clearing Agreement suggest that the end of this particularly elaborate piece of

machinery (which was explained in *The Economist* of November 14, 1936, page 313) is within sight. We have so far received £5,326,450 in all, of which £2,908,566 has come from the "new account" as payment for current exports to Italy, £2,035,324 from accounts "A" and "B," which cover various classes of arrears, and £229,560 from account "C," the little residual account which is given 3 per cent. of total lira payments and goes to dividend and capital movements. What sums British citizens might wish to transfer under account "C" it is impossible, of course, to guess: probably it is large. But it is the completion of payments in the two trade arrears accounts that is to be the signal for the negotiation of a new agreement. Transfers have now been made under these accounts for deposits into "A" made up to September, and into "B" to March. Consequently unless debtors are being very dilatory in their lira payments and unless our imports from Italy fall off suddenly, these accounts should be closed within two or three quarters at most. Already "A" is finished save for exchange differences outstanding, and the surplus over the 18 per cent of total sterling receipts, which goes automatically to this account, has been transferred to "B." When "B" is finished the whole 27 per cent. which the two together take has to be divided between "C" and the "new account" in proportions to be negotiated by the two Governments. When that happens it will be important to see that investors can get their funds out through "C" if they wish to (and realise they can) and to decide on a course of action about the sterling balances which will probably accumulate in Italy's favour.

The Bank Return.—The demand for currency over the end of the quarter has now subsided, and £1.9 millions of notes have returned from circulation. The reserve is increased by £2.0 millions.

BANK OF ENGLAND					
	Oct. 14, 1936	Sept. 22, 1937	Sept. 29, 1937	Oct. 6, 1937	Oct. 13, 1937
Issue Department:—	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Gold	248.7	326.4	326.4	326.4	326.4
Note circulation	446.4	486.0	488.5	491.8	489.9
Banking Department:—					
Reserve	63.4	42.1	39.6	36.3	38.3
Public deposits	31.6	15.7	21.8	18.0	26.1
Bankers' deposits	82.2	105.6	95.1	102.1	92.9
Other deposits	41.2	36.2	37.2	36.8	36.4
Government securities	80.4	106.9	105.8	106.5	105.1
Discounts and advances	9.6	5.2	6.2	10.8	9.2
Other securities	19.4	21.6	20.8	20.9	20.4
Proportion	40.8%	26.7%	25.6%	23.1%	24.6%

In the banking department, the week's excess of Treasury bill payments over maturities and differences in the incidence of Treasury bills explain the increase of £8.1 millions in public deposits and decrease of £9.2 millions in bankers' deposits. Government securities are reduced by £1.4 millions, a movement which largely neutralises the increase in the reserve.

Portuguese Exchanges Freed.—Last week the Portuguese Government decided to remove the last vestiges of the control which it has for long exercised over foreign exchange. The escudo has actually been free from all but merely formal restrictions since 1933, but now the whole machinery is to be abolished. It was set up thirteen years ago, after the revolution which made General Carmona President. At the time the currency was hopelessly inflated, the exchange had been depreciating steadily since 1914, from an average that year of 5½ escudos to the £ to 157 escudos in July, 1924, and Portuguese capitalists and exporters held their money by preference in London. Control took the forms of requiring exporters to hand over a percentage of their foreign currencies, and of licensing purchases of foreign currencies above a certain minimum. At one time the

percentage was as high as 75 per cent. and the minimum as low as £5. Since Dr Salazar became Finance Minister in 1928, and especially since he stabilised the sterling exchange *de jure* in 1931, restrictions have been progressively relaxed. For some time now the minimum for licences has been £100, and the percentage to be given over only 5. To-day the country's finances are in such excellent order, and the Bank of Portugal has such ample reserves, that complete freedom is possible. The new move is a tribute to the skill and orthodoxy of the only dictator who is also a professor of economics.

The Money Market.—Treasury bill issues are once more running in excess of maturities. Last week excess payments amounted to £8.0 millions, while this week they are a further £14.0 millions, so that between October 2nd and October 16th the total tender issue has increased from £573 to £595 millions. This week's heavy payments are reflected in a drop of nearly £10 millions in bankers' deposits, but money has nevertheless remained very easy, though the clearing banks have experienced a fair afternoon demand for loans.

	Sept. 23, 1937	Sept. 30, 1937	Oct. 7, 1937	Oct. 14, 1937
Bank rate	2%	2%	2%	2%
Clearing banks' deposit rate	1½	1½	1½	1½
Short loan rate:—				
Clearing banks	1½-1*	1½-1*	1½-1*	1½-1*
Others	1½-1	1½-1	1½-1	1½-1
Discount rates:—				
Treasury bills	1½-1	1½	1½	1½
Three months' bank bills	1½-1	1½-1	1½-1	1½-1

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

Discount rates are unchanged. The banks have bought mixed parcels of December and January bills, but so far have not bought January bills alone. A line of Northern Ireland bills has been placed by tender at a rate of about 1½ per cent.

September Clearing Bank Averages.—The September increase in bankers' deposits, due to Government disbursements at the beginning of the month, is reflected in an increase of £3.3 millions in clearing bank cash. Deposits, however, have only risen by £3.8 millions, so that the aggregate cash ratio of the clearing banks has risen from 10.3 to 10.4 per cent.

	Sept., 1936	May, 1937	June, 1937	July, 1937	Aug., 1937	Sept., 1937
Capital and reserves	131.8	132.5	132.5	132.5	132.5	132.5
Acceptances, etc.	101.8	125.5	124.1	122.1	116.1	114.2
Deposits (including undivided profits, etc.)	2,219.7	2,217.7	2,255.1	2,255.6	2,245.9	2,249.8
Total liabilities	2,453.3	2,475.7	2,511.7	2,510.2	2,494.5	2,496.5
Cash	226.1	229.6	237.7	231.8	231.0	234.3
Cheques, balances and items in transit	56.9	68.7	73.0	63.7	64.6	60.1
Money at call	161.2	163.4	166.2	157.9	156.7	157.4
Discounts	342.1	242.8	257.5	280.7	275.8	279.2
Investments	632.7	641.4	638.2	631.7	630.4	626.0
Loans and advances	862.5	936.6	947.4	954.7	952.6	957.5
Investments in affiliated banks	25.2	23.5	23.5	23.5	23.5	23.5
Cover for acceptances, premises, etc.	146.6	169.7	168.2	166.2	159.9	158.5
Total assets	2,453.3	2,475.7	2,511.7	2,510.2	2,494.5	2,496.5

The growth in tender issues of Treasury bills from £548 millions on August 7th to £573 millions for the whole of September explains the rise of £3.6 millions in discounts. Advances have resumed their upward trend after the seasonal contraction in August, and are nearly back to their July level. Investments have been reduced by £4.4 millions, so that the gilt-edged market maintained its strength during September without any apparent support from the banks.

THE STOCK EXCHANGE

Stock Market Difficulties

By general consent, the past fortnight has been the most anxious since 1929 on the London Stock Exchange. Since the middle of January industrial security prices have been declining, but up to the end of August the retreat was orderly. Subsequently it became ragged, and since the beginning of this month it has threatened to become a rout. Weakness has not been confined to a few speculative favourites. The best shares, being most marketable, have suffered most. British Oxygen, for example, have fallen from 98s. 9d. to 86s. 3d. during the last three weeks. Vickers reached 39s. 1½d. earlier this year. On Monday they touched 25s. 7½d., a loss of 4s. in three weeks for a typically stable share. Such examples could easily be multiplied. When the gilt-edged market, which had hitherto stood aloof from the troubles of the equity markets, itself gave way last Monday, despondency had full rein. But while the volume of selling was substantial, it was far from being the avalanche which the day's record of prices suggested. Markets, in fact, have not been "free" in any true sense of the term. Mere inquiry, without any definite selling orders, has at times been sufficient to put prices down.

What are the underlying causes for the market's depression? Are world politics responsible? This month's news, admittedly, has not been calculated to encourage investors. But two years ago the markets were accustomed to ride over political crises with the utmost facility. To-day, it would seem that while diplomatic tension is undoubtedly a contributory factor to market distress, it is not an originating cause. Political developments may determine the state of market sentiment for a time, but when economic conditions are set fair, experience suggests that their influence is usually short-lived.

Is Wall Street responsible? Here we come nearer to the heart of the matter. It seems beyond question that heavy differences in American common stocks have been met by throwing sound British shares on the London market. But the influence of the external open position in trans-Atlantic securities, which has been known to exist for some months past, goes even further. The 55 per cent. margin requirement in New York has diverted an appreciable amount of business, both on British and American account, to London and other European centres, where the bull speculator has obtained far more comfortable terms for carrying his position. Thus, the cushioning effect of 55 per cent. margins in New York has been offset by a weaker speculative position in Europe. The headlong fall of such securities as U.S. Steel (which stood at 104½ before the Labour Day break early in September, and is now quoted at 69½), shows the effect of cumulative retreat by the speculative army.

Even this explanation, however, does not afford a convincing basis for the whispering campaign which has been the most pernicious feature of the last ten days. Calumnious rumour has concerned itself, not primarily with the Stock Exchange—where the ravages of recent weeks have produced only two insignificant failures—but with the names of institutions of first-rate status in the money market. Rumours of this sort, like crafty cowards, love the dark. However irresponsible their origin, their victims, individually, are quite helpless, since specific denial would itself frequently invest report with a dignity it does not deserve. Semi-diplomatic protests have, however, been very properly made against

the bruited of "names"—for which Paris has been to blame, no less than London. The rumours attaching to the name of one financial house of importance and standing have been given their quietus in the highest quarter as being without the slightest foundation. And the fact that the credit of the houses impeached by recent rumours is quite unimpeached in Lombard Street is a final answer to slander.

Within the market itself, however, more serious observers are concerned with the question whether the adjustment of an unsuspectedly large bull account will be achieved without serious technical strain. Next week's Stock Exchange settlement is, therefore, awaited with a certain anxiety, though actual dealings, this week, have closed on a steadier note than seemed probable five days ago. This technical problem has prevented the short-term operator from taking any view longer than a day. But if investors are given breathing space, to what use can they best apply it? Their first care, obviously, must be critically to re-examine equity share prospects—over a longer span than the market is usually willing to contemplate. There is, as yet, no convincing statistical evidence that a down-turn in industrial activity is occurring. *The Economist's* index of business activity has lately achieved new high records. Both Prime Minister and Chancellor expressed themselves confidently last week on the industrial outlook, though that, perhaps, is an obligation they owe to the State. Yet, as we suggest in a leading article on another page, there are signs for concern. To the fall in building activity is now added a decline in new shipbuilding orders. A single quarter's figures are not conclusive, but they suggest that shipping concerns are not prepared to adventure unlimited sums of money in new tonnage at the present high level of costs. And industry generally is being forced to the view that the present is not, perhaps, the best time to launch new schemes of capital expenditure. The gradual realisation of this truth has produced a reduction in the "unexpired" orders on the books of a number of concerns in the capital goods industries.

A rise in costs of raw materials and labour, however, does not affect all industries equally. Indeed, just as rising costs are unfavourably affecting certain branches of activity, so the recent fall in raw material prices may react adversely on others. A superficial examination of the tables of Stock Exchange prices suggests a close correlation between commodity price changes and share movements. This correlation is due, in part, to identical speculative forces. The species of speculator who drove copper up to practically £80 in the spring—and who remains a stale bull after its fall to £45 10s.—is likely to be similarly involved in common stocks, which have fallen 30 per cent. during the same period. But after all allowance for speculative excesses, it is true to say that concerns which were forced, by the mere pressure of business, to cover their requirements of raw materials at the higher prices ruling earlier this year, may well have to meet significant inventory losses, unless they are covered by forward "hedging" contracts. The profits of certain industries—the woollen textile trade is an obvious example—are sensitive to sharp fluctuations in the price of materials.

While the present behaviour of commodity prices is not conclusive evidence of an approaching set-back in business conditions, it is reminiscent of some recessions of the past. Last March the speculative boom was held to be justified by the low level of stocks of primary com-

modities, and by the supposed difficulties of increasing their supplies. The prevailing reaction, by contrast, springs fundamentally from the accumulating evidence of a rapid easing of the statistical position of the same commodities. The restriction screws are again beginning to turn, but buyers are still reluctant to cover their requirements, even at current prices. Such manoeuvres have been conspicuously successful in the United States, where a buyers' strike has lately forced down the price of domestic copper from 14 cents to 12 cents.

This example is the more significant since it comes from America. The course of commodity prices certainly depends, to a very significant extent, upon the future trend of American industry. Many investors would be reluctant, at this stage, to assume that the forces of American recovery had been exhausted, although they would doubtless defer their final judgment until the winter recession had been left well behind. Yet the effect of Wall Street's movements cannot be wholly ignored in this connection. There may be no essential relation between stock prices and industrial activity, yet the entrepreneur's decisions are often coloured by the level of common stocks. Moreover, the new capital market is automatically closed in a "bear" market for existing securities, although this factor, in the United States as in this country, may have less immediate importance under present conditions than in earlier times.

Falling commodity prices are necessarily a discouraging portent for such groups of securities as the sterling bonds of primary producing countries, the shares of raw-material companies and, at one remove, of companies in the export trades. There are, however, certain more favourable features which may be distinguished at the present time. The effect of higher commodity prices upon British export industries has not yet been fully felt. And even after the severe declines of recent weeks several commodities still stand appreciably higher than twelve months ago. Net rises in wool, copper, tin and spelter offset the fall in cotton and the failure of lead and rubber to improve on balance. In any case, there is invariably a time lag between improved financial circumstances in the primary producing countries and their translation into a growing demand for manufactured exports. This phase is well illustrated by the experience of Argentina, whose export surplus for the first eight months of this year amounted to 750 million pesos, compared with 247 million pesos for the same period in 1936. While Argentina's exports have increased this year by 76 per cent., her imports have risen by only 32 per cent. It is reasonable, therefore, to expect, over a period, some further improvement in Britain's traditional export industries—the more so as some of them are capital goods trades whose products can be supplied only under relatively long-term contracts.

The investor, then, may have to wait a little longer before accepting as conclusive the evidence that the fall in Stock Exchange prices is discounting a recession in business activity. In any case, the market is much less vulnerable to-day than in 1929. There has been no repetition of the orgy of foreign lending whose cessation broke the commodity markets overnight at the beginning of the Great Depression. The deflationary effects of dear money and—for the rest of the world—of sterling's abandonment of gold are not likely to arise. There are latent expansionary forces in the United States which, if given release, might carry the world economy some considerable distance. But, in the short run, a fall in security prices of this year's dimensions carries with it a warning to exercise caution. When markets are falling there are many investors to whom the preservation of capital is of greater immediate concern than any consideration of high income. These investors have, doubtless, already made substantial reductions in their equity portfolios. The dearth of first-class debenture stocks and preference shares suggests that others are consolidating their equity profits in favour of a stable income. For them, and for others who desire a temporary cloakroom for their resources, it may be relevant to point out that a number of short-dated gilt-edged stocks stand at a discount and yield nearly 3 per cent. gross, to redemption. The income which they afford is not high, but relative security of capital commands its own price.

Investment Notes

Bulls and Bears.—Probably the severest trial the Stock Exchange has to bear in time of depression is to be charged as the agent of its own undoing. To-day, as in all periods of falling prices, there is no lack of august writers to picture the City of London as a Barbary Coast where each harbour has its nest of financial pirates or, alternatively, a Bedlam whose inhabitants perversely ruin their own business by preaching depression when all is right as right can be. Admittedly, philippics against "speculation" are common form in a falling market. Most investors are familiar enough with market zoology to know that a bull pushes up, while a bear beats down; that the bull buys what he does not want, while the bear sells what he has not got. Fewer readers, possibly, are familiar with the rôle of speculation in a normal market. In the first place, bulls and bears widen a market and enable genuine buyers and sellers both to deal at closer prices, and to avoid speculation themselves, by future "hedging" contracts. In the second place, speculators cushion the force of changes by anticipating them. When the bull's special knowledge and inference is everybody's news, he sells, takes his profit and is a check on a runaway rise. Conversely, the bear will eventually be a buyer when the public is a seller. It is only when organised bull or bear operations on a large scale, accompanied by deliberately exaggerated or falsified propaganda, push the pendulum well beyond the point of dead centre, that the process qualifies for moral indignation.

The relevance of general considerations to present events is fairly clear. The chief source of danger, at the moment, is less the bear than the stale bull, who came in when the markets were good. If he is carrying his commitments on borrowed money, every fall in prices reduces his "cover" and involves the risk of "forced" selling. So far as organised bear raids are concerned, all responsible commentators have an obvious duty to reassure public opinion against the effects of irresponsible scaremongers. But these efforts will be successful in proportion as they are directed, not against the bears, but against the unreasoning public state of mind which makes bear raids possible. This argument holds whether the subject of organised manipulation be the franc, the shares of the United States Steel Corporation or the price of tin. And reassurance will be effective to the extent that it is convincing; if it be vague, unsatisfactory or merely abusive, the last state of the market will be worse than the first. Above all, expedients designed to eliminate or seriously to handicap all speculation—such as the suggestion, canvassed unofficially this week, to place all London Stock Exchange contracts on a cash basis—are likely to make price fluctuations wider rather than narrower.

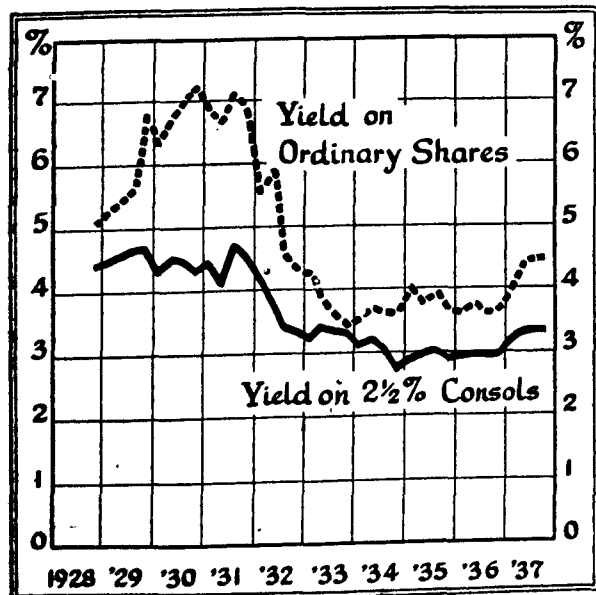
Share-Pushing and the Press.—If the Government intends to include a measure against share-pushing in its programme of legislation for the forthcoming session, the authorities would do well to consider the implications of a forthright and forceful speech made by the chairman of The Financial News, Ltd., to his shareholders last Monday. The chairman classified share-pushers under two headings—plain gangsters and mushroom issuing houses with pompous names and no assets. A share-pushing Act would greatly strengthen the anti-gangster machinery and even clip the wings of the worthless issue vulture. But the law is the last line of

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resistance against the share-pusher, while the Press is the first. The circulation of all the specialised daily financial journals is only a small percentage of that, say, of a large Sunday newspaper. But their voice goes out over all the world and their words unto the end of the earth. Given reasonable freedom of scope, they have the knowledge and the zeal to check ninety-nine cases of victimisation at their source for every one which comes to Court. But, as the chairman of The Financial News, Ltd., pointed out, their activities are limited in two ways. The law of libel has become so far-reaching, so uncertain in its incidence and so onerous in its potential application, that this newspaper was recently advised, by eminent lawyers, to settle a claim by a gentleman who had previously served terms of imprisonment, and finally served one more. A second danger is that newspapers, an appreciable part of whose revenue comes from advertising, may consciously or unconsciously be influenced by the fact that in the advertising world those who eat most pudding sometimes get most meat. To refuse to advertise the prospectus of a third-rate issuing house, or to persist in criticism which may lead to the erasure of one's name from the list of journals to which such advertising is offered—that, indeed, is a policy which involves immediate sacrifice for a reward which, though inevitable, is often gradual.

Yield Differentials.—A reader, who takes the view that a large part of the present trouble in the industrial share markets may be attributed to the search for a new yield basis, has invited us to extend the second chart given on page 537 of *The Economist* of September 11th over a number of years. This chart compared the yield on "Old Consols" with the average yield on ordinary shares since 1935. In the accompanying chart the story is carried back to 1928, when the Actuaries' Investment Index begins. Broadly, the chart may be regarded as covering the span of a complete cycle from the onset of depression towards full prosperity. If, as our correspondent argues, the equity shareholder is now convinced that rising costs will eat into profits so seriously as to

"ACTUARIES' YIELD INDICES—QUARTERLY."



qualify his previous dividend anticipations, some part of the recent fall in share values is evidently justified. But what is the "normal" differential between gilt-edged yields and the average return on industrial shares—which, presumably, one would expect when profits tend to become more stabilised? Our chart suggests that an appeal to history is not entirely conclusive on this point. The margin of one per cent. or less which has prevailed since the middle of 1932 is no more "normal" than the three per cent. differential touched in the autumn of 1930. "Normality" in these matters, indeed, becomes apparent long after investors have taken their profits or paid their differences. Perhaps the notional figure of two per cent.—the relic of gold-standard days—is still as safe a guide as any for the long-term investor.

In this search for the norm, however, it is desirable to examine the constituent elements in equity share yields. They are based on past dividends, and related, in turn, to present prices, which discount distributions still to come. The "true" yield on ordinary shares at a given date, therefore, may be significantly different from the yield calculated in the ordinary way, for it should be based, not on past dividends, but on future dividends yet to be declared—but discounted as far as possible in the valuation of the shares. Some impression of the "true" yield might be obtained by plotting the industrial share yield curve, say, six months earlier throughout. The yield shown at June would thus be charted at the previous December, on the argument that December prices already discounted distributions six months ahead. This method, however, is far from accurate. Between December and June share prices will have changed, and when June arrives, a new set of dividend possibilities will be discounted in share prices—with corresponding effects upon yield calculations. It is possible, with the exercise of trouble, to isolate the effect of autonomous movements in share prices from the corresponding yield figures. But such an investigation would prove the familiar axiom that investment is a continuous process, without revealing any startling conclusions regarding normal yield differentials between gilt-edged and industrials.

Industrial Profits in September.—After the declining tendency of recent months in the rate of rising profits, the September figures restore a percentage advance—27.8 per cent.—reminiscent of the early days of recovery. Total profits of the 81 companies whose reports were received amounted to £7,269,607 compared with £5,687,606 for the previous year. The trend of the past year is shown below:—

Reports published in	No. of Companies	Rise in Profits*	Reports published in	No. of Companies	Rise in Profits*
1936—		%	1937—		%
August ...	47	14.21	April	245	23.36
September ...	107	12.32	May	255	14.09
October ...	146	18.09	June	265	21.19
November ...	177	13.49	July	193	19.62
December ...	175	15.49	August ...	62	9.41
1937—		%	September ...	81	27.8
January ...	110	15.92			
February ...	208	8.95			
March ...	307	12.52			

* After payment of debenture interest.

The iron and steel group, comprising 14 reports, again shows spectacular improvement. These concerns earned £2,042,963, an increase of £659,824, or 42 per cent., over the previous year. Fifteen rubber companies increased their net profits from £76,789 to £216,059, while a sharp improvement in the textile group reflected the recovery of Calico Printers.

Railway Traffic Figures.—Investors who follow the weekly gross traffic returns of the four main line British railways as indicators (within their inevitable limits) of British trade activity, will find it necessary, from now onwards, to make a weekly correction, in all comparisons with last year, for the 5 per cent. increase in charges which became effective on the first of this month. The additional amount which the railways should receive from this source cannot be precisely estimated, but if a reasonable allowance be made for a continued but moderate upward trend in the volume of traffic, the total increment for the last thirteen weeks of this year can probably be put at something under £1½ millions, divided between the four railways in approximately the following proportions: London, Midland and Scottish, 40 per cent.; London and North Eastern, 33 per cent.; Great Western, 17 per cent.; and Southern, 10 per cent. The average gain each week, for the four railways, should be in the neighbourhood of £110,000. Thus, the figures published this week—the first to which the 5 per cent. increase fully applies—show a gain of £135,000, compared with the same week of last year. Deducting

the "corrector," the balance of "true gain" comes out at £25,000. This figure is a long way below the average of £132,000 for the whole of the forty weeks of 1937, to date. The dangers of building firm conclusions on a single week's railway figures are, however, proverbial. A minimum of three to four weeks' figures under the new regime will be necessary for any conclusions on the trend of railway traffics.

Company Notes

The Motor Show and the Investor.—Show Week provides no less news for the motor share investor than for the intending car purchaser. This week, for instance, has brought a considered view of the industry from Lord Austin, at his company's annual meeting, the Standard Motor profit statement, the speech of Rover Company's chairman, and good reports from S.S. Cars and Henlys. Lord Austin expressed himself with his customary confidence. Fortified with record profits, and by a substantial increase in turnover during the opening weeks of the current financial year, such confidence is scarcely surprising. But it was qualified by a significant passage on the increased costs which the motor industry now has to face. Some classes of steel used by the Austin Motor Company have risen by as much as 46 per cent.—presumably over the past year. Wages, too, have been increased. These advances have compelled an advance in selling prices—obviously a course to be preferred to any reduction of technical standards. Yet the investor may feel that the circumstances do call for yields of the order of 6½ per cent. for the leading shares. Both Austin and Morris Motors are on this basis. Such substantial increases in costs, followed by a seemingly moderate increase in selling prices, must be followed by a further expansion in output if total profits are to be further increased. And the past record of the industry suggests that demand is highly responsive to changes in selling prices. So, although the leading producers have achieved a greater measure of profits stability in recent years in earlier years—due to a steady consolidation of technical progress and a more equal spread of demand over a range of models—the equity appeal of the best motor shares is necessarily limited. This conclusion applies even to shares like Austin, whose dividend has been stabilised at 50 per cent., and is covered with a substantial margin of earnings.

A note of caution also appeared in the chairman's speech at the Rover Company meeting. While he referred to a 50 per cent. increase in output for the first ten weeks of the current year, rising costs and competition—perhaps the chairman had in mind competing imports—were not ignored. Those motor investors who discounted a "Standard year" by taking the shares up to 176s. 3d. early in 1937, have proved right about profits, though they have lost 53s. 9d. per share of their capital. The result, before tax, is £300,746—representing an increase of £42,475 on the corresponding figures of £258,271 for 1935-36. The dividend, increased from 25 per cent. to 40 per cent. appears to be covered by earnings of some 58 per cent. It is proposed to increase the capital from £460,000 to £720,000, and 920,000 new 5s. shares are to be offered at 12s. 6d. in the proportion of two new shares for each £1 share, which are to be split into 5s. denomination. The "ex-all" basis of the new shares would be approximately 23s. 3d., but the increase in capital would have to produce earnings immediately if the 40 per cent. dividend rate were to be fully covered. And while there is good reason for encouraging the executive staff of so successful a concern, shareholders may be inclined to the view that an offer to the staff of 120,000 shares at the same terms, and at the directors' discretion, is generous. There is, indeed, much to be said for making such rewards on a cash, and not on an equity, basis.

Harrisons and Crosfield Meeting.—Mr Eric Miller's speech is invariably read by a wide circle of rubber and tea shareholders. On Tuesday, however, he had first to deal with the reasons for the directors' decision not to recommend any further increase in the deferred ordinary capital. It may be said that the explanation was frank and convincing. The origin of the deferred capital rests in the development of Harrisons and Crosfield from a private concern into a public company, which nevertheless retains many traces of the partnership principle in its financial structure. These origins were traced in detail by the chairman. The option rights—to take half of any dividend in excess of 10 per cent. in the form of new deferred stock—arose from a legitimate desire to strengthen the business through the retention of profits. But in the course of time the company's resources have become ample for its needs, and the further intake of capital would, in the chairman's word, be an "embarrassment." It is unfortunate for the deferred stockholder that the market—which always esteems a capital right more highly than cash dividends—has marked down the units. This, however, does not affect the intrinsic value of the equity. It is clear that the directors were on firm ground—both financially and legally—for their decision. Article 14 (a) states specifically that option rights apply "until the deferred ordinary shares have been issued to the extent of the whole nominal amount authorised"—and this limit is close at hand. But the effect of other articles is to prescribe a three-fourth's consent for increasing the deferred capital beyond £500,000, and if this consent is obtained the deferred capital may be increased by "the company acting by the board of directors."

In his review of the plantation industries, Mr Miller expressed renewed satisfaction at the achievements of restriction and his conviction that the schemes were still required. But he also recognised the tea restriction scheme as a mere palliative, while potential production

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runs so far ahead of consumption. An increase in consumption, indeed, is still the real aim and problem of the industry. His analysis of the rubber market during the past year might be applied in a wider context, for he administered a reproof to operators guilty of undue speculation based on assumptions which have quickly been disproved. Yet his conclusion, after the hectic price movements in rubber this year, was that producers and manufacturers had received and paid a price which gave no cause for dissatisfaction to either side. Mr Miller, however, cast his eye across the Atlantic and suggested that the outcome of the stock market's embarrassment and the current industrial recession should be closely watched—an argument which other commodity shareholders might apply with advantage. And his inferred conclusion that the restriction machinery could be used to offset changes in demand shows how far, and how quickly, the commodity outlook has been changed in recent months.

First Re-Investment Trust.—When the British Empire group of unit trusts made their first offer to convert their sub-units into the shares of a managed investment trust, the experiment was closely watched by the unit trust movement—and its critics. Since last April the problem of the fixed trust manager—committed to a portfolio which permits of little adjustment to the conditions of to-day—has become more difficult. The reasonable degree of success achieved by the British Empire group, therefore, provided other groups with an incentive to examine the opportunities for conversion offers. First Re-Investment Trust is the name adopted by a new managed trust which has this week offered its £1 shares in exchange for sub-units of National Fixed Trust Unit "A." The National group has advertised that its total sales exceeded £20 millions; a conversion offer from what must be the most successful group in the movement, judged by total sales, is therefore the more significant. The new company is similar in constitution to the managed trusts which have been formed to convert the British Empire units. It has one director in common—Mr Maurice Hely-Hutchinson—two representatives from the National group, and the chairman is Lord Kennet. If all sub-unit holders accepted the offer the issued capital would consist of 1,312,000 ordinary shares of £1. Since the sub-units are quoted at 3rs. bid the holder may erroneously assume that he will lose 1rs. per sub-unit. This confusion, if it arises, will ignore the fact that the denomination of the shares is immaterial in relation to their equity rights—although a low denomination enables the board to start operations with a healthy balance sheet.

Although the arguments for management are conclusive—that is a lesson which did not require confirmation by the fixed trusts—it must be confessed that the formation of new managed trusts *via* fixed trusts is an uneconomic process. Sub-unit holders have already paid a loading charge for the full term of the trust. In the present instance, the price of the sub-units has been adjusted down to a "closed" or bid basis. Certificate holders who convert will have an equitable interest in the escrow fund which remains for future management, but the new company must pay capital duty—analogueous to part of the initial loading charge. Again, a management company (formed as a subsidiary of National Fixed Investment Trust, Ltd.) will have the right to carry, through all security transactions, and will receive the usual return commission paid by stockbrokers to agents. In this respect, First Re-Investment Trust will be under a disadvantage (as the series of Conversion Trusts are) compared with the established investment trusts. The offer, of course, is entirely optional, although it may be regarded as an experiment which, if successful, may be followed by further offers from the same group, for it comprises ten fixed trusts, though not all of them are. Two questions appear relevant if the conversion proceeds to gather force. First, the ungeared unit price has certain advantages. Is it, therefore, essential to revert to the rigid managed trust form?

Secondly, should future offers be confined to the shares of one managed trust—or at least a strictly limited number per group? The present tendency is to form a hierarchy of managed trusts for each of the unit trusts in turn; but convenience of marketability and economies of management would seem to be available with a larger grouped concern.

British Celanese Position.—A British Celanese dividend statement has now been issued, which shows that the first preference dividend will be paid on the due date. But although the payment has been earned with "a substantial margin," the balance does not justify any payment on the second preference capital. Speculation has been aroused by the further statement that the matter will be dealt with in the directors' report. Does this form of words foreshadow a scheme to deal with the second preference position on a permanent basis? It may be recalled that, two years ago, the chairman contemplated the payment in cash of these arrears, or, as an alternative, their funding on the lines of the Canadian Celanese scheme. Dr Dreyfus has always had a robust faith in the profit-earning potentialities of his company, but achievement has still a long way to go in order to catch up with prognostication. No dividend has been received on the £4,250,000 7½ per cent. second preference shares since 1930, and the arrears now amount to £2,231,250 gross. The net earnings for the year to February, 1936, totalled £364,508, and a single year's first preference charge would require £131,250 net. But the net second preference dividend—£239,500—is barely covered by the balance. On this calculation the latest statement is not wholly encouraging. A scheme, in fact, is overdue, and its main outlines should already be clear. The first preference shareholders, whose dividend is being fully met, can hardly be asked to make sacrifices. The second preference shareholders' current dividend is, apparently, slightly short earned. The conclusion, therefore, seems irresistible that the company should undergo a major surgical operation to remove these obvious symptoms of over-capitalisation. There is every argument in favour of eliminating the second preference shares, and offering them a proper share in a reorganised equity. But two points must be observed in such a scheme. First, the substantial second preference arrears would require satisfaction by a generous participation in a new equity. Secondly, the ordinary shares, both on the facts of the balance sheet and on earnings performance can only expect a thin slice in the reformed capital.

Aeronautical Corporation Scheme.—This child of the aircraft company boom is now compelled to undertake a drastic reconstruction scheme. The scheme, which will be considered on November 2nd, calls for the reduction of the capital from £200,000 in 5s. shares to £50,000 in 1s. shares. The subscription of £20,000 ordinary capital and an advance of £40,000 on a 5 per cent. debenture has been conditionally arranged. In consideration for this new money, substantial rights to unissued shares are assigned. Existing shareholders will have the three-months' option to subscribe at par for £50,000 ordinary capital. The new subscribers will enjoy a two-year option over £20,000 ordinary capital at par, while Equity and Law Life Assurance, who are to make the advance on mortgage, will have rights over £40,000 of ordinary capital, and the option to convert their debenture into ordinary shares. The dissensions of the past year have left the company in a weak position, and the potential result of this salvage operation is far from clear. The burden of the debenture, at any rate, will be appreciable in relation to the reduced capital, and full accounts are necessary before shareholders can reach a decision. It will be recalled that, a year ago, the company announced that it was to produce parts for Hawker Aircraft Limited. The concern has now published its report—mistakenly confused in some circles with the Hawker Siddeley report, which is expected to show a considerable increase in profits. The Aircraft

company, however, discloses a fall in trading profits from £187,470 to £135,480, and the dividend, reduced from 20 per cent. to 17½ per cent., is barely covered. The Hawker concern was the first to benefit from Air Force expansion, but it is now compelled to undertake the expensive process of changing its types.

Roan Antelope Prospects.—The profits achieved by this Rhodesian concern to June 30th last reached monumental proportions. A dividend of 80 per cent. has been announced—covered by earnings of 107 per cent.—and a 200 per cent. capital bonus is proposed. This issue capitalises £3,327,390 from general reserve, but the sum, in fact, represents accumulated share premiums. Copper sales, after stock adjustments, realised £3,549,042 last year—twice the previous figure. Average sales revenue amounted to £51.022 per ton, against £34.581, but production increased to 69,560 tons of blister copper, against 50,672 tons. Total costs (including all charges except taxation) rose slightly, from £24,773 to £25,496 per ton, though net operating cost, before interest and obsolescence, increased by £1.903 to £21.880. This increase, however, was largely due to the provision of £55,000 for a new Mine Pension and Benefit Fund (equivalent to nearly 16s. per ton of blister) and to higher royalties. Restriction of output was temporarily suspended from mid-January last, and 5½ months of the latest financial year thus cover unregulated production. But it would appear that the difference between the recent level of production without official regulation and the 105 per cent. quota which was in operation up to last January, and is to be resumed from the end of November, is fairly small. Out of the 69,560 tons produced last year, production under previous quotas would account for about 33,800 tons. The remainder exceeds production at the annual rate of 75,600 tons under a 105 per cent. quota by only 1,000 tons for the period. Assuming no change in the quota, and taking all-in costs at £24 10s. (after allowance for the debenture repay-

ment), a gross profit of £1,537,000 may be estimated if average prices are taken at £45, or £1,912,000 at an average of £50. At the current price of 58s. 9d. cum dividend and rights, the potential gross earnings yield on the increased capital would vary between 8.4 and 10.5 per cent. on the two assumptions. The latest report indicates a strong financial position. The debentures have been repaid from the proceeds of last February's share issue, and over £85,000 will be saved annually. The allocation of £200,000 has again been made to general reserve and despite the increase from £150,000 to £175,000 in depreciation, etc., and a transfer of £20,000 to contingency reserve, the carry-forward is increased from £147,445 to £263,120. There is, moreover, a substantial inner reserve in the stock valuation.

West Witwatersrand Group.—Shareholders in these various undertakings have been kept so well posted regarding developments that interest in the annual reports centres almost exclusively upon the financial position. Important changes have taken place. During the past year West Witwatersrand Areas issued 100,000 new shares at £10, providing £950,000 in premiums. The purchase consideration for the mining lease transferred to the Libanon subsidiary amounted to £500,000. The Blyvooruitzicht flotation, of course, did not occur until after the close of the year. The share of the purchase consideration due to West Witwatersrand, however, amounted to £342,000, and was utilised in subscribing at par for 684,000 shares. The proceeds of the Libanon transaction account for practically the whole of the year's income. On the other side, the principal items are cost of properties sold, shown at £75,530, while drilling and similar expenditure accounts for £76,920. The net balance of £334,350 wipes out the debit brought forward and provides a balance of £143,700. At the date of the accounts, cash in hand amounted to £395,050. A summary in the directors' report gives the extent of the mineral rights owned as 13,850 morgen and of the freehold areas as 12,380 morgen. The consulting engineer



GOLDEN MOMENTS

Football

The whistle starts the first game of the season. Leading his side as he did in the Spring he takes the opposing backs by surprise and slams the ball into the net before the game is a minute old—the first goal scored in the season.

What a Golden Moment it must be for him! But even he cannot smoke a better tobacco at a shilling an ounce than Cut Golden Bar.—But it must be Wills!



2 oz. vacuum tin

WILLS'S

CUT GOLDEN BAR

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

1/-
AN OUNCE

Issued by The Imperial Tobacco Company (of Great Britain and Ireland) Ltd. C.B.D.S.

sums up results to date by stating that twenty-one boreholes have intersected the Main Reef group of conglomerates over a length of strike of twenty-five miles. Venterspost also made an issue of 700,000 shares at £2 last year. Out of the proceeds a loan of £204,000 from the parent company was repaid. The balance sheet shows further expenditure on plant of £185,680 (increasing the total to £570,740) and on shaft sinking and equipment of £257,740 (total £750,030). On June 30th the net cash resources were just short of £774,000. Libanon Gold Mining shows capital expenditure of £292,470, excluding the purchase consideration for the lease, and at June 30th funds in hand amounted to over £900,000.

Other Company Results.—This week's company reports are of general interest rather than outstanding individual importance. Our usual analysis of profit and loss accounts on page 142 covers over 35 further companies, including 11 rubber producers. The results are discussed on page 142 under the heading "Shorter Company Comments."

Company Meetings of the Week.—Reports of company meetings will be found in this issue from page 132. A discussion of Mr Eric Miller's survey at the *Harrisons and Crosfield* meeting appears in a Note on page 123, while Mr Brendan Bracken's address to the shareholders of *Financial News* is referred to on page 121. Mr Paul Lindenberg, at the *Industrial Finance and Investment Corporation* meeting, outlined the various factors in the present economic situation—in particular the "gold scare" and the French exchange position. At the *Gold Mines of Kalgoorlie* meeting, Mr P. E. Marmion referred to the company's fortune in locating so large a tonnage of high-grade ore near the surface in the Australia East lease. In his address to *Perak River Hydro-Electric Power* shareholders, Mr George Balfour referred to the policy of maintaining the equipment at a high standard to meet the increased load. In reply to a question he declared that a very serious cut in tin output would be necessary before any effect would be visible on the company's profits. At the *Murex* meeting the chairman underlined the board's wish to bring down costs, and referred to the part which the new factory would play in this policy. Prospects for the current year were reviewed at the *Malayalam Plantations* meeting by Mr H. J. Welch. An increase in net profits should be achieved since part of their crops had been sold at higher prices. Similarly, at the *Hcscote Rubber Estates* meeting the chairman explained that forward sales already made should assist in counteracting the market recession.

THE WEEK IN THE MARKETS

THE STOCK EXCHANGE

SETTLING DAYS

TICKET: OCTOBER 19

ACCOUNT: OCTOBER 21

On Monday the London Stock Exchange looked into the chasm which separates honest perplexity from headlong panic. Undoubtedly, Monday was the worst day in a tense account, for the gilt-edged market, which had until then resisted the rain of blows on the industrial markets, was itself affected in considerable degree. Tuesday's opening was no more favourable, but at mid-day the apparent realisation that Wall Street could not put London down at least on Columbus Day, was followed by a distinct, though not fully held, rally. Not until mid-week were signs apparent of really steadier conditions. Unheeding rumour subsided, and while Wall Street did its best to check the tender growth of confidence on Thursday, the market still recovered.

Gilt-edged, then, opened in highly nervous state, in which the tense political situation over the week-end was a major cause. Undated stocks fell by half a point—Local Loans being actually $\frac{1}{2}$ down. Another weak opening followed on Tuesday, but conditions improved to show net gains on the day, and in mid-week a better turnover and confident buying produced an all-round recovery, particularly in undated stocks. The Hertfordshire scrip opened at $\frac{1}{2}$ premium on Monday, reacted to par, and in mid-week had recovered to a small premium.

In the foreign market, Brazilian issues were at first affected by gloomy views regarding the debt outlook, but these gave way as quickly to optimism. Japanese issues were also depressed at first, but recovered on the argument that success in North China implied an early cessation of hostilities.

Home rail stocks had two bad days at the beginning of the week when a considerable volume of stock was sold. Great Western ordinary and Southern preferred were seriously affected, but the whole group was better on Wednesday. The traffics, however, were well below expectations, for the first full week covering the 5 per cent. increase. Argentine stocks opened unsupported, and although the traffics helped some of the ordinary stocks later, the improvement was only partial.

The discomfort recently shown by the industrial market turned on Monday into something akin to panic, which continued on Tuesday morning and only abated towards the last dealings. In mid-week the retreat subsided considerably and quotations rose far enough to wipe out most of the falls. Internationals characteristically led these changes in sentiment, though the main speculative counters, U.S. Steel and International Nickel, took less than their proper share in the recovery. In the Iron and Steel group, Monday's falls were especially heavy, Tube Investments falling 3s., and they showed no advances until Wednesday, when Tube Investments rose 2s. 6d. and John Brown 1s. 9d. Electrical equipment shares shared in the general trend, Crompton being among those well supported. Among motors, only Morris withstood the general collapse. Standard rose sharply in expectation of the dividend—and fell more sharply after the announcement. Aircraft issues were weak on the Hawker report, though they recovered after Hawker-Siddeley's reassurances. Among brick, cement and building materials, the strangest history was that of Associated Cement with a fall of 6s. 3d. on Monday, and 2s. 6d. on Tuesday, and a rise of 5s. the following day. In the miscellaneous section, Metal Box recovered sharply on Wednesday. Unilever were weak on Amsterdam selling.

The oil market was largely dominated by the rumours current on the Continent over the week-end of the difficulties of British financial houses. Foreign sales drove Royal Dutch and Shell down on Monday, and other normally less volatile shares moved proportionately. The former continued weak on Tuesday, though Shell and Anglo-Iranians came very much to the fore. Trinidad issues were depressed on rumours of fresh labour troubles. Later there was a general recovery. Business remained small in teas and rubbers throughout and quotations never moved widely, though following the general trend.

Mining shares have been the prey of much speculation. Several days of small falls preceded Monday's débâcle, when West Wits fell $\frac{1}{2}$ and Rand and Sub Nigel $\frac{1}{4}$, though after another bad day professional support caused equally sudden rises. Copper and tin issues were depressed in sympathy with the commodity prices. Roan Antelope fell on Monday despite the large increase in profits shown by the report, though Rhokana remained firm. Diamonds were also erratic: de Beers deferred were 15s. down on Monday, 2s. 6d. up on Tuesday, and 5s. up on Wednesday. Its history might indeed be taken as a motto for the week.

"FINANCIAL NEWS" MARKET INDICATORS

	Oct. 7	Oct. 8	Oct. 11	Oct. 12	Oct. 13	Oct. 14
Approximate total of bargains recorded in S.E. List	7,010	6,190	8,870	9,035	7,800	9,020
Corresponding day 1936	13,100	13,026	11,536	12,073	12,403	13,100
SECURITY MOVEMENTS						
Index of 30 Ordinary Shares (July 1, 1935=100)	103.0	102.7	99.4	99.0	100.9	101.3
Index of 20 Fixed Interest Securities (1928=100)	127.1	127.1	126.9	126.7	126.8	127.1

Highest 1936: Ordinary Shares 124.9 (Nov. 18); Fixed Interest 138.8 (Feb. 10).
Lowest 1936: Ordinary Shares 107.4 (Jan. 2); Fixed Interest 136.2 (Sept. 23).
Highest 1937: Ordinary Shares 124.8 (Jan. 4); Fixed Interest 136.6 (Jan. 4).
Lowest 1937: Ordinary Shares 99.0 (Oct. 12); Fixed Interest 126.0 (Sept. 8).

ACTUARIES' INVESTMENT INDEX

On Tuesday last this price index of 177 industrial ordinary shares had fallen further to 75.8, from 79.3 a week ago and 81.4 a month ago. The corresponding average yields are 4.81, 4.61 and 4.47 per cent. A selection of the component indices follows:—

Group (and No. of securities)	Prices (Dec. 31, 1928 = 100)			Yield (%)		
	Month ago (Sept. 14, 1937)	Week ago (Oct. 5, 1937)	This week (Oct. 12, 1937)	Month ago (Sept. 14, 1937)	Week ago (Oct. 5, 1937)	This week (Oct. 12, 1937)
Coal (7)	124.5	120.8	112.9	3.96	4.15	4.35
Iron and steel (12) ..	75.4	72.8	68.6	5.12	5.36	5.72
32 Rails	42.8	40.2	38.6	4.96	5.28	5.71
40 Utilities	91.2	111.0(e)	111.7	7.9.3	116.4(f)	111.7
Motors (5)	49.2	46.4	40.0	7.06	7.56	8.32
Oil (5)	91.3	87.4	138.3	4.40	4.56	4.70
Electric supplies (10)	143.5	138.3	134.4	2.91	2.81	2.96
Home rails (4)	76.4	78.7	74.5	2.91	2.81	2.96
Breweries and distilleries (21)	142.0	140.8	134.3	4.41	4.45	4.63

NEW YORK STOCK EXCHANGE

THE story continues as it left off last week: prices are falling. At the end of last week there was a slight pause, reputedly on the rumour, following the President's speech at Chicago, that the United States would embark on a new armaments programme. But even though the Saturday tendency was a little better than on preceding days, price levels were lower at the end of

the short session. Monday of this week was gloomy in London and gloomy on Wall Street. Many prices broke through their 1936 lows, and some through their 1935 lows. The movement was aided by a fall in commodity prices, by non-appearance of the I.C.C. decision on freight rates, the lower steel mill activity and by the growing European tension. On Tuesday markets were closed for Columbus Day holiday, and in the short time for thought, even Columbus may have wished he had left out Wall Street when he discovered America. Wednesday saw an early fall, followed by a rally which did not restore all the day's losses, although steel issues were notably better. There is no sign of any willingness from Washington to modify the political programme so that operators might recover some of the confidence which they have chosen to throw away. *Iron Age* estimates steel mill activity for the current week at 63.5 per cent. of capacity, as against 66 per cent. for last week, with output adjusted now to current buying, and no sign yet of substantial revival in new orders.

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

	1936		1937		Beginning of Year 1937	Sept. 29, 1937	Oct. 6, 1937	Oct. 13, 1937
	Lowest Apr. 29	Highest Nov. 10	Lowest Oct. 13	Highest Mar. 10				
347 Industrials ...	112.7	145.9	104.6	155.7	143.2	117.4	112.3	104.6
32 Rails	42.8	60.2(b)	34.1	64.5(f)	54.6	40.2	37.9	34.1
40 Utilities	91.2	111.0(e)	79.3	116.4(f)	111.7	86.5	83.5	79.3
Total, 419 Stocks	97.7	125.4	89.0	132.4	123.5	99.7	95.4	89.0
Average yield* ...	4.50% High (c)	2.65% Low (a)	5.98% High	3.20% Low (s)	3.53%	5.29%	5.56%	5.98%

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

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

Highest*	Lowest†	Oct. 6	Oct. 7	Oct. 8	Oct. 9	Oct. 11	Oct. 12	Oct. 13
180.3	119.4	128.5	127.5	124.7	124.9	119.4	(a) Closed.	119.4

* March 6th. (a) Columbus Day. † October 13th.

(Continued on page 130)

Establish your factory — at THE SCOTTISH INDUSTRIAL ESTATE NORTH HILLINGTON

Nearly 90 per cent. of the population of Scotland lives inside the area covered by the Scottish Industrial Belt. This belt extends from the Ayrshire coast on the West to the Fifeshire coast on the East and contains Scotland's three largest cities—Glasgow, Edinburgh and Dundee.

North Hillington is situated on the outskirts of Glasgow. Manufacturers at North Hillington therefore will be within easy reach of the most distant part of the Scottish mass market and in the centre of its most densely populated section. In addition, North Hillington is a strategic distribution point to Northern England, Northern Ireland and indeed to all the world.

There are excellent transport facilities by air, river, road and rail: Skilled labour is plentiful.

FACTORIES—WITH ALL SERVICES

The rents are low as the company does not operate for profit. A factory can be leased. There is ample room for expansion of growing businesses. Factories are heated by the estate. Process steam is supplied if required. Every factory possesses a walled yard space at no extra cost. Insurance and upkeep of factories and upkeep of roads are paid by the estate.

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SCOTTISH INDUSTRIAL ESTATES LTD.

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REPUTATION

Scotland has long enjoyed the reputation as the home of tobacco blending. It is not surprising, therefore, that situated near the Grampians is the House of Rattray, famous the World over for Old Gowrie and Hal o' the Wynd tobaccos. Blended with exquisite care and skill, these Virginian blends have brought an air of contentment and tranquillity into many a home for generations past.

OLD GOWRIE
TOBACCO

Price: 20/6 per lb., post paid. Send 5/2 for sample $\frac{1}{2}$ lb. tin, post free. Export: 22/6 per 2 lbs., plus post.

Chas. Rattray

PERTH SCOTLAND

Rattray's Hal o' the Wynd Tobacco is the full-bodied strength of Old Gowrie.



LONDON ACTIVE SECURITY PRICES AND YIELDS

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

Prices, Year 1936				Prices, Year 1937				Name of Security	Price, Oct. 6, 1937	Price, Oct. 13, 1937	Rise or Fall	Yield, Oct. 13, 1937	Prices, Year 1937				Last Dividends	Name of Security	Price, Oct. 6, 1937	Price, Oct. 13, 1937	Rise or Fall	Yield, Oct. 13, 1937																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																													
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3. Extractive and Metal Industries			Eastman Kodak	168	159	161
Am. Rolling Mills	29†	26	Gillette	12	12	11
Beth. Steel xd	64	59†	Lambert Co.	70	16	15†
Beth. Steel Pref. xd	104†	98	Low	10	63†	65
Republic Steel	22†	20†	20th Century Fox	28	27†	28
U.S. Steel	73†	69	5. Retail Trade			
U.S. Steel Pref.	117†	115†	Food			
Alaska Juneau	12	10	Montgomery Ward	45†	41†	42†
American Metal xd	35†	31†	J. C. Penney Co.	81	80	81
American Smelting	37	32†	Sears Roebuck	74	67†	69
Anaconda	37	32†	United Drug	8	8	8†
John Alumin. Ind.	37	32†	Walgreen	23†	27	23xd
Cerro de Pasco	55	52	Woolworth	40	40	40†
Int. Nickel	48†	46†	Borden	21	20	20†
Kennecott	44†	38†	Gen. Foods	33	31†	32
Patio Mines	12	11	Kroger Grocery	18	16†	16†
Texas Gulf Sulph.	32†	30†	Nat. Biscuit	22†	21	21†
U. S. Smelt.	71	68	Nat. Dairy	17	16†	16†
Vanadium Corp.	21†	18†	Standard Brands	10†	9†	9†
Atlantic Refining	22	20†	Am. Tobacco B.	76	73	73
Phillips Petroleum	47†	44	Liggett Myers B.	92†	86†	87
Shell Union	19†	17†	Lordlurg	19	17	17†
Shell Union	99	99	Synold B. & B.	47†	45†	45†
Hoover Vacuum	17†	15†	National Distillers	26	24†	24†
Stand. Oil Calif.	35	32†	Schenley Distillers	34	32	32†
Stand. Oil N. J.	54†	52†	6. Finance			
Texas Corp.	48†	44	Commercial Credit	49†	46	47†
			Atlas Corp.	12	10†	10†
			Com. Invest. Trust	51	48	49

New issue business was brought to a standstill at the beginning of this week, although the *Sheffield* issue, after a necessary delay, made its appearance on Friday. The success of the *Hertfordshire* issue, which was thirteen times over-subscribed, evaporated completely on Monday, when the retreat of the

**WHITE DRUMMOND
& COMPANY LTD.**

(ESTABLISHED 1900)

CAPITAL ISSUES

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gilt-edged market, combined with stag selling, eliminated the opening premium and brought the scrip to par. Sheffield is a single-dated stock, redeemable in 1963, but otherwise identical in terms with recent issues. The increase in effective life is too slight to suggest that the authorities are making really significant adjustments to meet differences in credit status among corporation borrowers. The offer bore the signs of hurried decision, for it was not advertised, as it would normally have been, on the previous day, and applications received on Saturday will therefore be considered. *Pennmont Estates* have issued a line of 5 per cent. debenture stock at par. This company owns small residential properties in populous London areas. The prospectus shows that the stock is covered as to capital $1\frac{3}{4}$ times and as to interest $2\frac{1}{2}$ times—ratios which may be adequate but cannot be regarded as generous. A statement for information only has been published on behalf of *Western Holdings*, a company promoted by South African Townships Mining and Finance to acquire mining interests in the Orange Free State.

Net Sales of National Savings Certificates, October 1 to October 9, 1937, Dr. £300,000

	Nominal Capital	Conversions	New Money
	£	£	£
To the Public.....	2,610,000	...	2,635,000
To Shareholders only	Nil	...	Nil
By Stock Exchange Introduction.....	250,000	...	253,825
By Permission to Deal.....	648,833	...	832,911

Total Capital Raised—			Total offered for Subscription—		
	Including Conversions £	Excluding Conversions £		Including Conversions £	Excluding Conversions £
1937 (New Basis) ...	465,766,340	416,520,177	Whole Year (New Basis)		
1937 (Old Basis) ...	265,522,196	219,358,512	1936 ...	642,017,245	494,139,765
1938 (New Basis) ...	363,143,381	284,844,403	1935 ...	698,313,125	357,525,440
1938 (Old Basis) ...	241,425,379	144,935,292	Whole Year (Old Basis)		
January 1 to date (Old Basis) ...			1936 ...	402,470,003	255,570,993
1934 ...	259,211,253	130,841,950	1935 ...	548,351,393	231,087,000
1935 ...	332,651,871	143,351,320	1934 ...	419,987,384	198,708,700
1928 ...	497,282,468	323,252,377	1933 ...	467,821,500	244,780,500
			1928 ...	683,000,056	398,058,073

	United Kingdom	British Empire (excluding United Kingdom)	Foreign Countries	Total
January 1 to date—	£	£	£	
1937 (New Basis)	357,302,613	56,959,205	2,258,359	416,520,177
1937 (Old Basis)	201,497,334	16,368,878	1,492,500	219,358,512

	Debentures	Preference	Ordinary	Total
January 1 to date—				
1937 (New Basis)	209,405,307	28,387,820	180,727,040	418,520,177
1937 (Old Basis)	15,738,824	18,503,985	51,118,323	129,358,512
1936 (New Basis)	94,201,396	30,775,312	139,887,095	264,844,403
1936 (Old Basis)	76,591,359	15,621,390	52,722,543	144,935,292
Whole Year (Old Basis)—				
1928	212,917,900	45,062,600	111,177,600	369,158,100
1929	222,064,300	12,733,700	9,982,500	244,780,500
1933	102,769,300	21,481,000	44,878,400	169,108,700
1935	167,185,509	31,086,741	37,285,387	235,147,637
1936	160,521,116	24,423,647	70,628,230	255,570,993
Whole Year (New Basis)—				
1935	193,599,713	48,806,822	115,118,905	357,525,400
1936	185,255,833	40,800,731	288,303,201	494,359,765

Sheffield Corporation.—Issue of £2,500,000 3½ per cent. loan at 101 to be redeemed in 1963. Proceeds to repay existing loans and extension of electricity and other undertakings. Population over 500,000. Rateable value £3,159,511. Total debt £26,024,691 (of which £21,079,396 for reproductive undertakings).

Penmount Estates, Ltd.—Issue of £110,000 5 per cent. first mortgage debenture stock at par. Ranks with £100,000 of this stock issued; further stock can be issued if additional property acquired worth $\frac{1}{2}$ times the further issue. Redeemable at 102½ by end of 1975 by drawings from 1938, or from 1945 on notice. Acquired in 1935 London leasehold properties; small houses, etc., on weekly tenancies, of which 76 per cent. controlled. Valued at £207,360 (net income after rates, repairs, etc., £16,569). Further properties since acquired: 75 per cent. controlled; gross income £25,984, or £12,498 net; valuation £166,170. Assets as security, £376,627. Estimated total income, £28,719, or £25,119 net for debenture interest. Investment Registry, Ltd., pay expenses for £4,700 fee. Lists closed 9.5 a.m., October 13th. Fully subscribed.

Western Holdings, Ltd.—Issued capital 2,275,000 5s. shares. Further 25,000 shares to be issued to vendors. Formed in South Africa to acquire interests and rights connected with shares accruing from disposal of prospecting options over mineral rights. Statement sets out list of interests. South African Townships Mining and Finance Corporation have taken 1,600,000 shares at par; of the £400,000 received the company has paid £56,500 as cash portion of interests acquired; vendors receive also 700,000 shares in all.

Montague Burton Estates.—The directors have placed privately £84,000 4½ per cent. first mortgage debenture stock.

South Essex Waterworks.—Offer for sale by tender of £250,000 Ordinary (1935) 5 per cent. maximum stock. Minimum price is 124. The first dividend, calculated from November 11th to December 31st, will be paid on March 1st next, and thereafter dividends will be payable on September 1st and March 1st.

West Vlakfontein Gold Mining Company (Incorporated in S. Africa).—Members of East Rand Consolidated are offered 2,895,000 2s. 6d. shares in the company at par, in proportion of one for two held on September 30th. Allottees receive option till November, 1939, to take at 5s. one further share for each share allotted. Guarantors to issue without commission (East Rand Consolidated and 4 other companies) take firm further 5,105,000 shares at 5s., and receive also corresponding option. Consideration (£350,000 cash) for claims, rights, etc., used by vendors to take 2,800,000 shares at par. Mining leases cover 5,697 claims or 3,956 morgen. Property valued at £350,000; preliminary expenses, £12,500; working capital, £987,500. Technical report estimates that in 70 per cent. of area main reef occurs at 5,250 to 7,500 feet depth.

Standard Motor Company, Ltd.—The directors propose that the 460,000 £1 issued ordinary shares be subdivided into 5s. shares. The present authorised capital is to be increased to £1,000,000 and the issued ordinary capital to £720,000, divided into 2,880,000 5s. shares. Holders at October 18th are to be offered 920,000 new shares at 12s. 6d., in the proportion of two new 5s. shares for every £1 share held. The executive staff is to be offered 120,000 new shares on the same terms.

Stock or Share	Issue price	Paid	Oct. 6, 1937	Oct. 13, 1937
Essex 3½%, 1957-62	101	61	1-1½ pm	1-1½ pm
Fitchley 3¼%	101	51	1-1½ pm	1-1½ pm
Herts County 3¼%	101	5	1-1½ pm	1-1½ pm
Hull 3¼%	101	5	1-1½ dis	1-1½ dis
Iraq 4½ Bonds	94	94	1-1½ pm	1-1½ pm
Lindsay Parkinson Pref. 20/-	20/-	20/-	22/9-23/3	22/9-23/3
Middlesex 3¼%, 1957-62	101	56	1-1½ pm	1-1½ pm
Odeon Theatres Ord. 5/-	5/-	5/-	8/6-9/-	8/6-9/-
Do. 5% Int Debs.	99	59	64-64 dis	64-64 dis
Premier (Trinidad) Oilfields	5/-	3/-	1/9-1/3 dis	1/9-1/3 dis
Salford 3¼%	10/-	10/-	1/0-6d dis	8/9-9/3
Spear and Jackson 5/-	...	...	...	5/-5/6
Western Holdings (5/-)	...	...	...	...

(b) Week ended Oct. 9, 1947. (c) Week ended Oct. 8, 1947.	Miles Open	Gross Receipts, week ended Oct. 10, 1937 (£'000)						Aggregate Gross Receipts, compared with 1936 (40 weeks) (£'000)					
		Passen- ger, etc.	Merchan- dise, etc.	Coal and Coke	Total Goods	Total Receipts		Passen- ger, etc.	Merchan- dise, etc.	Coal and Coke	Total Goods	Total Receipts	
Great Western { 1937 1936	3,738 3,739	191 191	219 208	109 102	328 310	525 501		9,009 8,753	7,971 7,644	4,429 3,968	12,400 11,612	21,409 20,365	
(c) L. & N. Eastern { 1937 1936	6,315 6,332	328 309	356 347	254 243	510 590	938 819		13,987 13,379	13,422 12,949	9,813 9,202	23,235 22,151	37,222 35,530	
L. M. & Scottish { 1937 1936	6,871 6,898	407 581	530 549	261 249	810 779	1,399 1,260		21,374 20,562	19,585 19,024	10,091 9,515	29,676 25,339	51,550 49,101	
Southern ... { 1937 1936	2,157 2,153	285 282	67 66	29 28	96 94	391 376		13,408 12,739	2,479 2,534	1,186 1,213	3,665 3,747	17,073 16,486	
Total { 1937 1936	19,081 19,122	1,327 1,263	1,191 1,151	653 622	1,844 1,773	3,171 3,036		57,778 55,433	43,457 42,151	25,519 23,989	68,976 66,049	126,754 121,482	
(c) Belfast & Co. Down { 1937 1936	80 80	1·8 1·9	...	...	0·5 0·5	2·3 2·4	108·9 110·3	...	...	...	...	128·0 132·0	
(c) Great Northern { 1937 1936	543 543	10·2 10·2	...	...	8·8 9·6	19·0 19·8	461·4 450·5	...	...	...	375·6 389·5	837·0 840·0	
(c) Great Southern { 1937 1936	2,076 2,124	33·5 34·6	...	...	47·7 49·0	81·2 83·6	1514·7 1503·1	...	...	...	1636·2 1667·8	3150·9 3170·9	

	Great Western	L.M.S.	L.N.E.R.	Southern
Second half-year, 1934, compared with second half-year, 1935 :— Gross increase or decrease...	£ + 491	£ + 1,575	£ + 751	£ + 378
First half-year, 1937, compared with first half-year, 1936 :— Gross increase or decrease...	+ 670	+ 1,329	+ 1,187	+ 359
Second half-year, 1937, compared with second half-year, 1936 :— 14 weeks to Oct. 9, 1937 ...	+ 374	+ 620	+ 505	+ 228
Weekly average second half 1937 :— <i>Latest week 1937 compared with 1936</i>	+ 28½ + 24	+ 44½ + 57	+ 36½ + 39	+ 18½ + 15

	Takings (before pooling)	Compared with corre- sponding period of last year
Week ending Oct. 9, 1937	\$74,800	+ 10,500
Aggregate 15 weeks to Oct. 9, 1937	\$8,399,000	+ 32,000

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week		Gross Aggregate Receipts	
				1937	+ or -	1937	+ or -
INDIAN							
				Rs.	Rs.	Rs.	Rs.
Assam Bengal	24	Sept. 20	1,330	4,85,400	+ 46,197	82,08,081	+ 5,74,711
Barsi Lt. Ry.	24	20	202	33,100	+ 5,300	8,34,800	+ 61,100
Bengal & N. Western	24	20	2,111	7,95,843	+ 70,994	1,83,39,980	+ 15,43,525
Bengal-Nagpur	24	20	3,268	22,53,000	+ 3,72,505	4,32,48,525	+ 53,63,379
Bombay, Bar. & C.I.	26	Aug. 30	3,072	30,18,000	+ 1,22,900	5,82,22,000	+ 42,26,000
Madras & S. Mahr.	24	Sept. 30	3,229	18,17,000	+ 68,229	3,51,47,696	+ 4,57,809
Roilk'd & Kumaon	24	24	546	1,40,714	+ 5,668	34,75,440	+ 1,58,299
South Indian	24	20	2,532	11,56,816	+ 1,28,039	2,64,26,542	+ 9,14,092

		1937	\$	\$	\$	\$
Canadian National	39	Oct. 7 23766	4,308,844	+ 165,844	150,384,143	+ 11792831
Canadian Pacific	39	7 17228	3,376,000	+ 187,000	108,478,000	+ 5,345,000

Antofagasta (Chili and Bolivia).....	41	Oct. 10	1937	834	\$113,570	2,600	674,310	117,330
Argentine N.E.....	15	9	753	\$181,000	16,100	2,530,300	142,100	
				\$11,228	1,528	156,968	16,841	
B.A. and Pacific	15	9	2,806	\$1,340,000	15,000	18,823,000	81,700	
				\$83,127	3,421	1,167,681	68,106	
B.A. Central	13	Sept. 25		\$132,700	18,400	1,855,600	702,100	
				\$195,970	28,300	2,930,000	227,100	
B.A. Gt. Southern.....	15	9	5,084	\$123,883	7,648	1,758,685	41,548	
				\$756,000	56,000	10,854,000	938,000	
B.A. Western.....	15	9	1,930	\$46,888	5,722	673,326	91,566	
				\$2,061,000	605,930	31,762,300	3,057,330	
Central Argentine	15	9	3,700	\$127,854	29,024	1,970,364	72,787	
				\$135,158	11,637	836,735	137,656	
Central Uruguay.....	13	2	980	\$15,611	464	208,926	1,481	
				\$459,000	1,000	8,408,000	304,000	
Cordoba Central ...	15	9	1,218	\$28,470	1,410	521,610	10,580	
				\$233,700	17,200	3,397,300	231,300	
Entre Rios	15	9	810	\$14,498	1,763	210,748	24,881	
G. Westn. of Brazil	41	9	1,092	19,300	600	295,300	5,200	
Leopoldina.....	41	9	1,918	\$519,020	102,000	73,655,000	6,305,000	
				\$24,171	2,646	952,340	17,177	
Leopoldina Termnl., Urte	41	9		\$5,371,000	20,000	14,413,000	622,000	
Paraguay Central	38	Sept. 30	284	\$7,473,371	1,518	118,014	24,414	
Paraguay Central	15	9	374	\$3,274,000	355,000	48,435,000	9,066,000	
Salvador.....	14	2	100	Col. 15,900	3,000	164,184	15,657	
San Paulo	40	3	153	Ms2750000	457,000	104,855,000	5,536,000	
				\$34,490	7,165	1,323,357	141,047	
United of Havana...	15	9	1,353	\$14,653	126	257,115	25,746	

* Converted at average official rate during week ended Oct. 9, 16-12 pesos to £.
† Receipts in Argentine pesos. ‡ Fortnight. a Converted at official rate.
d Receipts in Uruguayan currency. e Converted at "controlled free rate."

Egyptian Delta Light		1937					
Railways	26	Sept. 30	621	£8,250 +	229	119,740 +	9,267
Egyptian Markets...	40	Oct. 7	...	£1,475 -	510	62,675 -	3,531
Mexican Railway ...	14	7	483	\$292,300 +	2,900	4,328,300 +	702,100

Suez Canal.....	38	1937 Sept. 30	...	£265,800	—	£39,300	£8,206,500	—	£152,500
‡ 10 days.									

		1937					
Anglo-Argentine ...	40	Oct. 7	325	\$692,278	26,339	25,437,702	48,231
B. Aires Locomo ...	13	Sept. 26	...	\$60,439	23,388	721,659	55,413
Burnley, Colne and Nelson Jt. Trapt.	40	Oct. 9	87-68	5,514	413	...	...
Calcutta Tramways	40	9	...	Rs. 1,27,112	10,080	44,11,465	2,18,126
Liverpool Corp.	27	6	...	£32,160	2,565	849,245	55,660
Madras Electric.	36	Sept. 15	...	Rs.57,452	3,398	8,85,058	38 045

[illegible]

Dorada	9	30	Gross	£17,200	2,220	139,600	+ 13,000	
Dorada (Ropeway)	9	30	Gross	(3,900)		42,000	+ 7,200	
Mexican Light & Power	9	Aug. 31	Gross	\$759,568	✓	7,426,585,155	+ 632	
			Net	(318,457,973)	✓	24,045,573,935	+ 112,522	
Samana and Santiago	9	Sept. 30	Gross	(690)	✓	401	14,180	- 1,542
Shanghai Elect. Const.	9	30	Gross	\$95,681	-	288,355,230,480	- 160,571	
Singapore Traction	9	30	Gross	\$185,000	-	12,000,233,400	+ 99,000	
State of Bahia S. Westn.	12	30	Gross	(60)	-	1,000,000	- 1,387	
Suez Canal	9	30	Gross	\$602,600	-	75,400,826,500	- 152,500	
Rhodesian Railways	11	Aug. 31	Gross	(438,628)	-	118,591,203,086	+ 995,930	

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COMPANY MEETINGS

THE FINANCIAL NEWS, LIMITED

A PROSPEROUS YEAR

SHARE-PUSHERS AND THE LIBEL RACKET

BUREAUCRATS V. INDUSTRY

"CHATTERING OURSELVES INTO DEPRESSION"

The fortieth ordinary general meeting of The Financial News, Limited, was held yesterday at Winchester House, Old Broad Street, E.C., Mr Brendan Bracken, M.P., chairman of the company, presiding.

The secretary (Mr A. E. Knock) having read the notice convening the meeting and the report of the auditors,

The Chairman said: Gentlemen, as the balance sheet and profit and loss account have been with you since October 4th, I presume they may be regarded as read.

Of our balance sheet I need say little. You will observe that we spent a moderate amount of capital on new premises for *The Investors' Chronicle*, and we have also made some provision for a much needed modernisation of our head office. Our pleasure in the growth of *The Financial News* and *The Investors' Chronicle* has been tempered by many housing problems. These have now been solved, and we are optimistic enough to believe that our gain from these operations will be rather more than the profits made by our contractors. Another of our subsidiaries, from its own resources, has built itself a new home, and its management claims to have solved all problems of accommodation. And you will notice that, in accordance with the policy outlined at our last general meeting, we have invested a part of our comparatively large cash balances in industrial debentures.

All of our subsidiary and associated companies have made fair profits. We are particularly pleased by the growth of Moodys-Economist Services, Limited. In the course of a few years that company has built up an international organisation which has outstripped all competition. By adopting the wise policy of ploughing back profits it can, from accumulated resources, finance the wide extension of business which the directors have planned.

PROFIT AND LOSS ACCOUNT

Our profit and loss statement is not unpleasing. During the past year our ordinary shares have earned nearly 47 per cent. A comparatively small part of the increase in profit came from *The Financial News*. That journal could, of course, show larger profits were it to reverse the policy of supplying the best possible news and financial services to its readers. And our gains would be greater were we to refrain from rejecting or criticising the advertisements of dubious or over-optimistic enterprises. These are costly policies. But they are the only sound long-term policies known to your directors. After a decade of experience in implementing them, we are certain that they have transformed *The Financial News*.

LIBEL LAWS AND SHARE-PUSHERS

For many years *The Financial News* and *The Investors' Chronicle*, in common with most of our contemporaries, have been engaged in exposing share-pushers and other members of the financial underworld. This repulsive and expensive task is the special duty of financial newspapers. If the losses caused by share-pushers have been much exaggerated, the psychological effects of their operations are very harmful. We were, therefore, particularly interested by the recent report of the Board of Trade Committee on Share-pushing. Though many useful suggestions were made by that painstaking Committee, the result of their labours depends upon the vigilance and candour of the public and the Press. Share-pushers may be classified under two headings—plain gangsters like the notorious Factor, and the blight of mushroom issuing houses, with pompous names and no assets, which struck the City some years ago. The loot obtained by the latter breed far surpasses the profits of the gangsters. The "issuers" are skilled in exploiting the ignorance or cupidity of certain sections of the public. In peddling shares of derelict or hopeless enterprises they manage to keep within the law and thus escape the penalty for stark swindling. The melancholy fact that there never is wanting a supply of innocents fit for plucking is only too well known to them. And the reticence of their victims is a great encouragement. It is, therefore, no easy task to eliminate share-pushing.

The members of the Board of Trade Committee generously recognised the part played by the Press in combating the pushing or hawking of shares. But they did not apparently realise the in-

creasing difficulties of the Press in exposing financial tricksters. Those persons have found invaluable allies in shady lawyers and over-generous jurors who have turned the libel "racket" into a sizeable industry. It is no exaggeration to say that newspapers must ponder deeply before they begin to expose even the most blatant forms of financial trickery. If they fall into the slightest technical error, and the libel laws abound in technicalities, they may be mulcted in heavy damages. And what is perhaps worse, the law of libel is used to silence newspapers while sharepushers complete the process of collecting and secreting their swag. If this seems an exaggerated statement I will recount one of our own experiences. A person engaged in swindling a number of small investors was exposed by *The Financial News*. A writ for libel was issued against that journal. During what one might call the "sub-judice" period this swindler obtained many thousands of pounds. He departed this country. And after a few years of exile he returned and was caught red-handed in the harder and less profitable business of thieving and receiving. After his conviction it was disclosed that he had previously served several terms of imprisonment. The irony of this story is that eminent lawyers advised us to settle this case. Their recent experience of libel actions convinced them that settlement at any reasonable price was desirable.

The truth is that libel actions have become a gamble, with the odds heavily in favour of the plaintiff, however mottled his record may be. If he wins his case the newspaper may have to pay heavy damages—if he loses the Press must generally meet most of the legal costs. If this libel racket continues to grow, all that remains for the Press to do is to run no risk of libel actions, or to build up much larger reserves against them. What an inducement to expose sharepushing and swindling! Our much-prized free Press is becoming increasingly dear to its owners.

A STRENUOUS YEAR

Your various properties made good progress during the past financial year. All that need be said about the part played by *The Financial News* and *The Investors' Chronicle* in opposing the first edition of N.D.C. is that it was finally approved by all concerned in finance, industry and investment. The only good result of N.D.C. No. 1 is that the City, industry, and the generality of investors now realise how essential it is to organise resolute opposition to half-baked schemes which injure the inseparable interests of industry, employment and investment. And let me say here, by way of a digression, that the City should keep a more watchful eye on the growing number of restrictions on investment and trading which have been recently devised by our bureaucrats without condescending to obtain Parliamentary authority.

THE OUTLOOK

Confronted as we are by depressed markets and the forecasts of some woeful economists, you will not expect me to use much of the liberty of prophesying. In matters of economics I feel the more one searches the further one is from being sure. Economics has been called the dismal science. Dismal it is, but why call it a science? A lesser name is wanted for that pile of facts and fallacies upon which the pundits crow so discordantly. From the confusion of our present economic controversies one fact emerges—whatsoever is contrary to the just interests of producers and wage earners must eventually injure all classes of investors. And so we should accept with equanimity a temperate trend of rising prices which alone can make bearable our burden of debt, maintain the living standards of our people and preserve our vast overseas investments.

This company is, of course, affected by the trend of prices. The recently announced increase in the price of newsprint is an embarrassing addition to the high production costs of newspapers. For many years the Press benefited greatly from cut-throat competition in the newsprint industry. That industry has now achieved a measure of stability, and few of its leaders are likely to encourage over-production by demanding excessive prices. It is inevitable that the new and not unreasonable price of newsprint will reduce the profits of newspapers. But as *The Financial News* consumption of newsprint is limited by the quantum of financial and industrial intelligence in this country, we shall not suffer grave injury.

We are far more concerned by the wave of depression which has recently spread through the stock exchanges and commodity markets. Those institutions showed an undaunted front to a succession of international crises which would have provoked panic in former times. How odd it is that much of the present depression is due to a temporary trade recession in America and some flocculent forecasts of the long-term prospects of our own industries! Most market depressions are as inevitable as they are transitory. If no real injury is done to confidence, markets benefit by a shaking out of stale speculation. Without confidence,

markets, and things more precious than markets, perish. As confidence is the vital lubricant of industry, sensible people should discourage attempts to chatter ourselves into a depression. We may hope that the present flow of admirable company reports and increased dividends will soon adjust the perspective of all concerned in investment.

DIVIDEND PAYMENTS

As newspapers, more especially financial newspapers, are much affected by alarms in politics, finance and industry, it is necessary for us to continue to strengthen our reserves. By distributing less than half of last year's earnings we believe that a fair compromise has been struck between prudence and the hopes of shareholders. If a dividend of 10 per cent. and a cash bonus of 10 per cent. meet with your approval, we propose to apply the balance to increasing the general reserve to £100,000, to strengthening our libel reserve and to carrying forward £90,228 7s. 1d.

Before putting the customary formal resolutions to the meeting I shall be glad to answer any questions you may desire to ask.

No questions were asked, and the Chairman concluded by moving: "That the report and accounts as at June 30, 1937, now submitted to this meeting, be and the same are hereby received and adopted."

Major-General Guy P. Dawney, C.B., C.M.G., D.S.O., M.V.O., seconded the motion and it was carried unanimously.

The dividend recommendation of 10 per cent., with a bonus of 10 per cent., was also unanimously approved.

The retiring director, Major-General Guy P. Dawney, C.B., C.M.G., D.S.O., M.V.O., was re-elected, and the auditors, Messrs Layton-Bennett and Company, having been reappointed, the proceedings terminated.

INDUSTRIAL FINANCE AND INVESTMENT CORPORATION, LIMITED

THE ECONOMIC SITUATION

The twelfth ordinary general meeting of the Industrial Finance and Investment Corporation, Limited, was held, on the 8th instant, at Winchester House, London.

Mr Paul Lindenberg (the chairman), in the course of his speech, said that during the past year they had in the normal course of their business again taken a financial interest in several industrial undertakings in this country, and he was glad to be able to report that all those enterprises with which they had been connected either as an issuing house or otherwise were doing well and had made satisfactory progress.

With regard to the present general economic situation, during the currency of their last financial year they had witnessed important developments, the effects of which had partly been superseded by subsequent happenings. It was just a year since the devaluation of the gold exchanges was decided upon and the Tripartite Agreement established. That Agreement was considered a most welcome and very hopeful step, but it had not saved the world from the upsetting influence of the "Gold Scare," nor had it succeeded in maintaining the French exchange at the level then laid down. They even witnessed the resumption on a considerable scale of gold hoarding operations.

That was only one of the symptoms of the prevailing economic unsettlement due to a large extent to political unrest, which, in spite of all the efforts made by the Government, showed no sign of abatement. There was no doubt that, together with a continued all-round cyclical improvement, the increased expenditure had led to a substantial rise in commodity prices, which, whilst the cost of living was higher, would benefit all those countries which were primary producers.

As far as Great Britain was concerned, there were many indications of prosperity. The adverse balance of trade had, therefore, increased up to the end of August to £258,735,000, as against £211,585,000 during the same period in 1936. The total adverse balance of payments for last year was estimated at £19,000,000, and it was evident, therefore, that a certain increase in the adverse balance might be expected for the current year.

The report was unanimously adopted.

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

PERAK RIVER HYDRO-ELECTRIC POWER COMPANY, LIMITED

DIVIDEND OF 7 PER CENT.

MR GEORGE BALFOUR'S SURVEY

The eleventh annual general meeting of the Perak River Hydro-Electric Power Company, Limited, was held, on the 13th instant, at Winchester House, Old Broad Street, London.

Mr George Balfour, J.P., M.P. (chairman of the company), said that the maximum load during the year was 41,600 kw., compared with 36,800 kw. in the previous year, but the minimum load had never fallen below 24,900 kw., compared with 23,400 kw., the maintenance of a high minimum load being reflected in the improved load factor, which was nearly 75 per cent., compared with a little over 66 per cent. in the previous year. The output last year was approximately 273,000,000 units, compared with 213,500,000 units in the previous year. Of that total output last year they had generated approximately 171,000,000 units hydro-electric, compared with 173,500,000 units during the previous year, from which it would be seen that they had actually generated about 1.5 per cent. units less from their hydro-electric plant, due to rather worse drought conditions on the Perak River.

STEAM-GENERATED OUTPUT

On the other hand, they generated a little over 102,000,000 units in the steam-generating stations, compared with 40,000,000 units in the previous year, an increase in output from the steam stations of 155 per cent. over the previous year's output. Those conditions were forecast by him when he had addressed them last year, and the results conformed exactly to the forward calculations upon which he had then based his remarks. The increased output from the steam stations was, of course, reflected in the increased consumption of coal. They had consumed 104,476 tons, compared with 41,242 tons, at a cost of £109,543, compared with £40,924, an increase of £68,619.

It would be gathered from the figures of increased steam-generated units that they had had to act promptly in providing extensions to the steam plants at Malim Nawar and Batu Gajah. The additional 12,000 kw. plant and additional boilers at Malim Nawar with auxiliary works were now ready for service, and additional boilers and turbine plant at Batu Gajah had been put in hand. In addition, new sub-stations and additional transmission lines and switchgear were being erected.

During the period of serious depression transmission lines had had to be forced to the limit of their capacity, and a great deal of capital work had had to be carried out during the last two years to bring the transmission system into first-class order sufficient for the requirements of the increased load. In addition, their expenditure on revenue account had increased by charges for deviating lines and generally bringing the maintenance up to a high standard.

The small Kinta undertaking was making substantial progress, and he was glad to say that they were now in a position to reduce the domestic tariff and hoped that it would be found that their charges were the lowest for any domestic electricity service in the Perak State.

As the whole of the capital was now issued and fully paid, it would be necessary towards the end of the current financial year to increase their capital, as their directors proposed to use every endeavour to avoid creating any new charge on the company's assets.

REVENUE AND DIVIDEND

The revenue from sale of current amounted to £569,414, against £398,714 in the previous account. It must be remembered, however, that last year £40,000 was deducted from the gross receipts to write down stores and plant on consumers' premises. The comparison of actual revenue from sale of current, etc., was therefore £569,414, with £438,714 in the previous year. After payment of London administration and general expenses the balance carried to net revenue account was £339,753, compared with £264,554.

The surplus for the year, after payment of the preference dividend, was £96,403, which, together with the balance of £4,379, after payment of the directors' further remuneration, brought in from last account, amounted to £100,783, which they proposed to deal with as follows:—In payment of a dividend of 7 per cent. on the ordinary shares of the company, absorbing £91,875, leaving £8,908 to be carried forward, subject to directors' further remuneration in terms of the Articles of Association.

The report and accounts were unanimously adopted.

GOLD MINES OF KALGOORLIE, LIMITED

A YEAR OF ACHIEVEMENT

The third ordinary general meeting of this company was held, on the 12th instant, in London.

Mr P. E. Marmion (the chairman), in the course of his speech, said:—Almost 19,000 tons of ore were treated during the year in the old Associated plant, which yielded, after payment of realisation charges, the highly satisfactory return of £92,255. Consequent upon the increase in tonnage treated, the cost of mining and treatment shows a reduction of 5s. per ton, but provision has been made this year, for the first time, for writing-off development expenditure by an appropriate charge per ton of ore raised.

The net profit for the year is £30,157. From this there has to be deducted the debit balance of £2,255 brought forward from last year's accounts. Your board propose that a dividend of 4½d. per share shall be paid, leaving £5,027 to be carried forward.

Bearing in mind the unescapable difficulties associated with the reopening of old mines that have remained idle for many years, and the small treatment plant at our disposal, we hope that you will regard the result of the year's work with satisfaction. We were fortunate in locating such a large tonnage of high-grade ore near the surface in the Australia East lease which, with the excellent ore from development work in the Iron Duke lease, constituted in equal proportion practically the whole of the tonnage delivered to the mill.

With the exception of a small amount of preliminary work included in the accounts under review, the whole cost of the new mill will fall to be provided in the current year and is amply covered by our liquid resources, which at March 31st amounted to more than £288,000. Ore stocks show the substantial increase of £7,944, due largely to the preparation of stopes to ensure adequate supplies for the new mill at its full capacity of 8,000 tons per month from the commencement of operations.

PROGRESS OF DEVELOPMENT WORK

During the year we have continued our programme of developing the extensions of known ore bodies with very satisfactory results. In addition we have concentrated on preparing the ore bodies for stoping on the various levels and have equipped the underground workings to handle smoothly the ore supplies for the new mill.

As a result of these satisfactory developments the proved and probable ore reserves at March 31st last were increased to 266,000 tons averaging 7.30 dwts. per ton, whilst at August 31st they were increased still further to 297,000 tons averaging 7.40 dwts. per ton. This latter figure is equal to over three years' supply for the new mill.

Our policy of development from the inception of operations has been to concentrate on those leases which appeared to offer the best prospects of success and the quickest means of attaining production, and our persistence has been amply rewarded.

THE NEW MILL

This time last year we had already ordered much of the additional power plant needed for the new mill and the design of the mill itself was approaching completion. To-day, although some units are not yet complete, the crushing section is on the point of starting, and had it not been for delays in the delivery of certain items of equipment, due to causes outside our control, I should have been in the happy position of informing you that the whole plant was in operation.

The new mill has been designed to treat 8,000 tons monthly, and it is hoped that this output will be reached as soon as any adjustments, often incidental to the starting up of a new plant, have been effected. We are looking forward to treating a grade of ore approximating that of our ore reserves, that is, from 7 to 7½ dwts. per ton, which, with the current price of gold and the expected substantial reduction in treatment costs, should yield a satisfactory margin of profit.

The year has been one of continuous effort and the achievements have been substantial. Costs have been reduced, the return from the associated mill has been highly satisfactory, justifying an initial dividend, whilst the ore reserve position has been strengthened and development work affords encouragement for the future. In addition a new mill has been erected and the mine placed in a condition to supply it with 8,000 tons of ore per month. With this record of progress before you, I hope you will share my feeling of satisfaction with the result of the year's work.

The report was unanimously adopted.

HARRISONS AND CROSFIELD, LIMITED

TEA AND RUBBER POSITION

Presiding at the twenty-ninth annual meeting of Harrisons & Crosfield, Limited, on the 12th instant, Mr Eric Miller, in the course of his speech, said:—"The company's financial position is one of exceptional strength. Our liquid resources are ample for all our present commitments, after providing for which there is a surplus available to us for employment as opportunity offers more profitably than in the gilt-edged market."

The net profit for the year of £329,014 shows an improvement of £57,372 on last year's figure, to which one should add, for purposes of comparison, the £25,000 appropriated in connection with the staff pension scheme. We now propose the payment of a final dividend of 20 per cent. on the deferred ordinary stock, absorbing £88,879, making 25 per cent. for the year, and a final dividend on the management shares absorbing £52,909 after deducting the refund of directors' remuneration. Thereafter the amount to be carried forward to the credit of profit and loss account will be £155,971, an increase of £10,957.

He then dealt at some length with the staff pension scheme recently formed for the benefit of the employees, and with the position of the deferred ordinary capital.

POSITION OF THE INDUSTRY

Reviewing the tea industry, Mr Miller said, "The past year has been on the whole a moderately prosperous one for producers in general and a good one for lower grade tea. It is most satisfactory that renewal of international regulation for a further period of five years from next March has been agreed to by the producing interests concerned, and by the Governments of India, Ceylon and the Netherlands East Indies, as this should ensure a continuation of reasonable prices. The stocks in bond in the United Kingdom at the end of August were 144 million lbs., which is 72 million lbs. less than during the corresponding period last year, but by December we feel sure the decrease as compared with the previous year will not be so large and buyers need have no fear of there not being enough tea for everyone."

RUBBER

He then said, "It is impossible for anyone to estimate even approximately the volume of outside speculation in rubber during the course of this year, but the panicky state of the market last week suggests that it must have assumed considerable dimensions. Speculators often spread their operations over several markets, and when one ninepin goes down others are apt to topple too. Producers of rubber, and manufacturers who are converting it into usable goods, have meanwhile been carrying on their respective functions in an orderly manner, and the average price which producers have received for their crop during 1937 (which corresponds, broadly speaking, to what manufacturers have had to pay for it) works out at a figure which gives cause for no particular dissatisfaction either way. Absorption has been proceeding at a rate well in excess of that during the corresponding period of 1936; available stocks, which during the first half of 1937 were in the exceptional conditions then prevailing and already described, too low for comfort, are being gradually replenished, and the latest export figures from producing countries appear to indicate that the supplies released for export by I.R.R.C. will be forthcoming. The U.S.A. are still the largest users of rubber, and we are particularly concerned to see whether automobile and rubber industries there suffer any material setback from the recent change in sentiment. Recalling our past experiences, the rubber-growing industry has every reason to be thankful for the benefits of international regulation of supplies and for the knowledge that exports can be adjusted fairly promptly to the needs of the world from time to time. As you know, the present agreement continues to the end of 1938, and producers generally will unite in desiring its extension for a further period of years with such modifications if any as seem desirable in the light of present knowledge."

Judging by the applications for new patents using rubber in one form or another, the industry is not standing still. You will recall my own repeated advocacy of the use of rubber for paving the roads in urban areas where traffic is heavy, and I am glad to record some progress in this direction, the Cornmarket in Oxford having recently been paved with the Gaisman Bramble Block. Our own City Corporation have just agreed to have Lombard Street paved with similar blocks in response to a petition from the frontagers, who have agreed to contribute towards the cost.

A dividend of 20 per cent. on the deferred ordinary stock, making 25 per cent. for the year, was declared.

MALAYALAM PLANTATIONS, LIMITED

GOOD POSITION AND OUTLOOK

The annual general meeting of the Malayalam Plantations, Limited, was held, on the 14th instant, at 19 Fenchurch Street, London.

Mr H. J. Welch (the chairman) said that the company had made a profit of £146,353 on tea and £112,885 on rubber. The directors recommended transfers of £50,000 to taxation reserve and £50,000 to general reserve, and a final dividend of 6 per cent., making 10 per cent. for the year. The carry-forward was increased to £106,616. After making the appropriations, the surplus assets amounted to £8 per planted acre, and, if deducted from the total issued capital, showed a net cost of less than £37 per planted acre of tea and rubber.

A few years ago they had transferred £320,000 from general reserve to buildings, machinery, etc., account, in order that the usual heavy depreciation charges to revenue might be avoided in the less profitable years. At that time he had stated that in good years more than the usual depreciation should be reserved.

The second point was that the board was of opinion that the company's reserve account, which was depleted by the transfer mentioned, should be gradually built up again as reasonable opportunities occurred. For those various reasons he had no doubt shareholders would approve the proposed transfer of £50,000 to the reserve, and would agree with the opinion of the board that the best interests of shareholders in plantation companies were not served by adopting the practice, which he regretted had been followed recently by many rubber-producing companies, of paying dividends up to the hilt and ignoring such important considerations as he had mentioned.

Owing to restriction, the average yield of tea was only 442 lb. per mature acre, as compared with 699 and 690 lb. in 1929 and 1930. The net prices obtained for tea were 3d. per lb. less than the average of the years 1922-29. The average profit per mature acre was £7 1s. 3d. The average price obtained for exportable rubber was 9.34d. per lb. London equivalent, and the profit per acre tapped equalled £6 5s. 2d.

THE CURRENT YEAR

For the current year the company estimated to produce 10 million lb. of tea and 6 million lb. of rubber, increases of 850,000 lb. and 250,000 lb. respectively. One-third of the crop of tea had been sold at one- and two-fifths pence per lb. above last year, and one-half of the crop of rubber at an increased price of three-farthings per lb. Consequently, the net profits for the current year should show considerable improvement.

With regard to the tea industry, the present quota should lead to the stock in the United Kingdom being raised to a reasonable figure, and should relieve buyers from any anxiety as to supplies. World absorption of tea appeared to be about stationary. The preferential duty in the United Kingdom on Empire teas continued to displace such teas on the foreign markets, and by the increasing their supply here depressed prices in this country. The permitted quotas of rubber this year would almost certainly be exported, and it was unlikely that the present percentage of 90 per cent. would be continued throughout 1938.

The recent Netherlands East Indies census of native areas had disclosed an average of nearly 350 trees per acre, of which only 4.3 per cent. were "good," 17.7 per cent. were "fairly good" and the remainder "mediocre, poor or neglected." If the census as to close planting and classification was approximately correct, it was improbable that any large yields from such areas could be maintained for any length of time, for, apart from the poor quality, the close planting alone was adverse to the growth of girth, bark renewal and to the health of the trees.

During restriction it was undesirable that the price of rubber should rise to levels which encouraged increases in the cost of production, or in the use of reclaimed rubber, or which encouraged the search for new rubber-growing regions, economies in the use of rubber, or for synthetics.

World stocks of rubber outside the regulated areas would probably be increased this year by 20,000 tons. Absorption would increase to approximately 1,150,000 tons. Uses for rubber, other than for the motor-car industry, continued to increase, and he was of opinion that ultimately its total consumption for agricultural equipment would be second only to that of the motor-car industry. The statistical outlook for the industry was quite favourable.

The resolutions for the payment of dividend and for the other appropriations were passed unanimously, and the meeting closed with a vote of thanks to the directors, agents and staff.

HOSCOTE RUBBER ESTATES

IMPROVED RESULTS

The fifth ordinary general meeting of Hoscote Rubber Estates, Limited, was held, on the 14th instant, at 1-4 Great Tower Street, London.

Mr Eric Macfadyen (the Chairman) said that the significant changes in their balance sheet were the higher balance at credit of profit and loss account of £25,483, as against £11,848, and the rise in their cash and gilt-edged investments from £30,029 to £42,343. Their larger crop, amounting to 1,585,433 lbs., was sold for £60,523 net, which compared with £34,438 realised for the 1,287,067 lbs. accounted for a year ago. The expenditure on the crop in the East was £32,031, against £24,475, practically the same cost per lb. having been incurred, while there was an improvement in the selling price of almost 2½d. per lb.

Having experienced such satisfactory results they had not hesitated again to charge profit and loss account with the whole cost incurred in the year on new buildings and plant and upon the programme of replanting and special cultivation in hand. Those items totalled £6,355, and they were then left with £21,681, which would permit of their paying a 10 per cent. dividend and raising the carry-forward by £2,293 to £6,095.

The standard production had been raised by successive stages to 2,333,799 lbs., equivalent to 494 lbs. per acre. That indicated that the assessment authorities were now satisfied that previous assessments had done less than justice to their true productive capacity. Under the regulation regime it was impossible to forecast outputs, but, if they were permitted to produce 1,900,000 lbs., as they probably might be, during the current year they would have no difficulty in doing so on A.B.C. or equivalent tapping. Forward sales of 524,160 lb. had been made for delivery during the period at 9½d. per lb., which should go some way to counteracting the recession in the market.

As to the future course of the rubber market, most of the recent weakness of the market could be attributed to conditions affecting commodity (and other) markets in general. The statistical position of rubber was sound, and they had confidence in the International Committee.

The report was unanimously adopted.

MUREX, LIMITED

INCREASED OUTPUT, SALES AND PROFIT

The eighteenth ordinary general meeting of Murex, Limited, was held, on the 14th instant, at Winchester House, London.

Mr Geo. P. Joseph (the chairman) presided, and, having dealt with the various items in the balance sheet, said that it would be seen that their profits, after providing for depreciation for the year, showed the substantial increase of approximately £88,000, and dividends received showed an increase of £15,000. Those results, he felt sure, would be considered eminently satisfactory.

The directors recommended a final dividend of 10 per cent. and a cash bonus of 2½ per cent., both less income tax at the rate of 5s., on the ordinary shares.

At the company's Rainham works very large extensions, both in buildings and plant, had been completed, but there was still heavy capital expenditure in front of them to meet the increase of trade which at present continued.

The welding industry had continued to expand, and the company's output, sales, and profits had again shown a very satisfactory increase. Naturally, competition had also increased, and the directors felt that in order to maintain the company's position and continue successfully to meet such competition they must bring costs down wherever possible. Their new factory at Freezy-water would assist to that end.

With regard to the company's interest in American Murex Corporation, the American directors had spent a great deal of time and energy on the affairs of the company, and their faith in its ultimate success appeared to him to be unabated.

The Magnesium Castings and Products company was doing well, and increasing its output. With regard to their own business in general, during the year under review extensions to their various plants had been made to cope with the increased demand for almost all their manufactured products. The new plants which had commenced operations showed gratifying results, and those others which were in course of erection should be finished and in full production by the end of the year.

He was glad to say that their new financial year had opened well, and he did not see any reason for thinking they should not be able to show the shareholders another satisfactory trading record in their next report and accounts.

The report and accounts were unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for 9 days ended October 9, 1937, amounted to £19,312,000, against ordinary expenditure of £33,156,000. After increasing Exchequer Balances by £168,181 the operations for the period, as shown below, increased the gross National Debt by £14,182,000, to about £8,227 millions.†

(000's omitted)

Bank of England Advances	£ 3,500	Treasury Bills	£ 20,685
Public Department Advances	£ 33,070	National Savings Certificates	£ 300
Land Settlement (Fac.) Acts	£ 7	P.O. and Teleg. (Money) Acts	£ 450
		Tithe Act, 1936	£ 960
			£ 22,395
			£ 36,577

† Including £375 millions on account of Exchange Equalisation Account.

An approximate analysis of the National Debt as at September 30, 1937, appeared on page 41 of *The Economist* of October 2.

REVENUE	Receipts into the Exchequer from				
	Estimate for the year 1937-38	April 1, 1937, to Oct. 10, 1937	April 1, 1937, to Oct. 9, 1937	10 days ended Oct. 10, 1937	9 days ended Oct. 9, 1937
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	288,150,000	55,237,000	61,508,000	8,088,000	7,172,000
Sur-tax	58,000,000	6,280,000	6,900,000	380,000	190,000
Estate, etc., Duties	89,000,000	44,200,000	48,730,000	2,090,000	1,710,000
Stamps	29,000,000	11,000,000	10,610,000	580,000	510,000
Other Inland Revenue	1,500,000	130,000	150,000	...	...
Duties	2,000,000	...	...	...	...
National Defence Contribution	...	...	...	...	...
Total Inland Revenue	467,650,000	116,847,000	127,895,000	11,138,000	9,582,000
Customs and Excise—					
Customs	219,850,000	111,108,000	117,132,000	6,802,000	6,069,000
Excise	113,150,000	53,900,000	56,800,000	2,000,000	1,700,000
Total Customs and Excise	333,000,000	165,008,000	173,932,000	8,802,000	7,769,000
Motor Vehicle Duties	34,000,000	18,648,000	8,748,000	2,755,000	139,000
Post Office (Net Receipt)	11,800,000	6,000,000	5,610,000	Dr. 50,000	Dr. 50,000
Crown Lands	1,350,000	630,000	640,000	...	...
Receipts from Sundry Loans	4,300,000	2,969,145	3,453,882	51,177	49,028
Miscellaneous Receipts	11,000,000	13,375,768	7,894,000	1,106,021	1,822,908
Total Ordinary Revenue	863,100,000	313,477,913	328,173,682	21,322,198	19,311,937
SELF-BALANCING REVENUE					
Post Office (Revenue required to meet expenditure on Post Office and Broadcasting)	75,198,000	34,650,000	37,290,000	1,350,000	1,400,000
Total	938,298,000	348,127,913	365,463,682	22,672,198	20,711,937

EXPENDITURE	Issues out of the Exchequer to meet payments from				
	Estimate for the year 1937-38	April 1, 1937, to Oct. 10, 1937	April 1, 1937, to Oct. 9, 1937	10 days ended Oct. 10, 1937	9 days ended Oct. 9, 1937
ORDINARY EXPENDITURE					
Interest and Management of National Debt	224,000,000	122,361,514	125,165,687	17,139,010	17,077,040
Payments to Northern Ireland Exchequer	8,000,000	3,232,234	3,673,098	248,464	256,786
Other Consolidated Fund Services	3,200,000	1,349,460	1,896,091	213,408	220,997
Post Office Fund	300,000	...	...	...	...
Total	235,500,000	126,943,208	130,724,871	17,600,882	17,554,823
Total Supply Services (excluding Post Office and Broadcasting)	162,734,800	280,231,679	309,828,747	17,048,000	15,801,000
Total Ordinary Expenditure	398,234,800	407,174,887	440,553,618	34,648,882	33,355,823
SELF-BALANCING EXPENDITURE					
Post Office Vote and Vote for Broadcasting	75,198,000	34,650,000	37,290,000	1,350,000	1,400,000
Total	473,432,800	441,824,887	477,843,618	35,998,882	34,755,823

† Including margin for Civil Supplementary Estimates but excluding £80,000,000 estimated to be met from borrowed moneys under the Defence Loans Act, 1937.

‡ Motor Vehicle Duties apportioned to Road Fund treated as Self-Balancing in 1936-37 now added to Revenue and Expenditure figures for purposes of comparison.

The aggregate issues and receipts from April 1, 1937, to October 9, 1937, are shown below:—

(000's omitted)		(000's omitted)	
Ordinary Expenditure	£ 440,554	Ordinary Revenue	£ 328,174
Issue to Exchange Equalisation Fund (July, 1937)	200,000	Decrease in balances	22
		Gross borrowing	317,600
		Less—	
		New Sinking Fund	5,233
		Old S. Fund, 1907-08	9
		Net borrowing	312,358
			£ 440,554

POSITION OF THE FLOATING DEBT

	Oct. 10, '36	Mar. 31, '37	Oct. 9, '37	Oct. 9, '37
Ways & Means Advances Outstanding	£ 23,500,000	£ 23,535,000	£ 3,500,000	£ 3,500,000
Advances by Bank of England	23,500,000	23,535,000	41,480,000	41,480,000
Advances by Public Departments	832,485,000	674,595,000	878,350,000	20,745,000
Treasury Bills outstanding	832,485,000	674,595,000	878,350,000	20,745,000
Total Floating Debt	859,985,000	898,130,000	923,330,000	+15,825,000

* Includes £8,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £50,000,000 Treasury Bills were opened on October 8, 1937. The amount applied for was £81,745,000. Tenders were accepted for Treasury Bills at three months dated Monday to Friday at 99 17s. 3d. about 58 per cent. and above, in full; Saturday at 99 17s. 4d. and above, in full. The average rate per cent. was 10s. 9.43d.

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 4, 1935	30,000,000	49,580,000	27,500,000	10 6 1/4
July 5, 1935	40,000,000	60,945,000	40,000,000	10 12 4/32
January 3, 1936	35,000,000	68,075,000	35,000,000	10 12 1/32
July 3, 1936	50,000,000	72,750,000	50,000,000	10 12 1/32
January 1, 1937	40,000,000	75,450,000	40,000,000	10 12 5/32
April 2, 1937	45,000,000	73,025,000	43,000,000	10 10 10/32
July 2, 1937	45,000,000	72,860,000	42,000,000	10 11 0/32
October 1, 1937	50,000,000	84,285,000	50,000,000	10 10 9/32
October 8, 1937	50,000,000	81,745,000	50,000,000	10 10 9/32

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended September 11, 1937	508,714	380,035
Week ended September 18, 1937	538,245	403,684
Week ended September 25, 1937	543,744	407,808
Week ended October 2, 1937	571,992	428,994

THE BANKERS' GAZETTE

BANK OF ENGLAND
RETURN FOR WEEK ENDED WEDNESDAY,
OCTOBER 13, 1937
ISSUE DEPARTMENT

Notes issued:—	£ 11,015,100
In Circulation	489,858,649
In Banking Department	36,547,976
Government Debt	188,383,488
Other Government Securities	579,387
Other Securities	12,025
Silver Coin	200,000,000
Amount of Fiduciary Issue	326,406,625
Gold Coin and Bullion	526,406,625

BANKING DEPARTMENT

Proprietors' Capital	£ 14,568,000
Reserve	£ 3,112,282
Public Deposits*	£ 26,059,700
Other Deposits	£ 92,921,450
Bankers	£ 36,413,009
Other Accounts	£ 56,508,441
Total	£ 129,334,459

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

Both Departments		Amount, Oct. 13, 1937	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation		489,858,649	+ 1,675,111	+ 43,491,954
Public deposits		26,059,700	+ 8,105,622	+ 5,556,637
Bankers' deposits		92,921,450	+ 9,209,071	+ 10,765,675
Other deposits		36,413,009	+ 391,879	+ 4,817,863
Total outside liabilities		645,252,808	+ 3,470,439	+ 45,883,099
Capital and res.		17,685,282	+ 17,542	+ 3,996
Government debt and securities		304,498,753	+ 1,729,341	+ 34,036,876
Discounts and advances		9,247,719	+ 1,589,628	+ 305,216
Other securities		21,016,670	+ 177,228	+ 21,858
Silver coin in issue department		12,025	+ 2,116	+ 202,306
Coin and bullion (bank's reserves)		328,144,903	+ 41,182	+ 78,412,636
Reserves of notes and coin in banking department		38,286,254	+ 2,018,293	+ 25,079,319
Proportion of reserve to outside liabilities—				
(a) Banking Department only ("proportion")		24.6%	+ 1.5%	+ 16.3%
(b) Gold stocks to deposits and notes ("reserve ratio")		50.9%	+ 0.3%	+ 9.4%

(000's omitted)

Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
Date	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits	
1937	£ 4	£ 4	£ 4	£ 4	£ 4	%
Sept. 22	528,407	485,970	15,664	105,801	26,243	NH
Oct. 6	528,407	485,970	15,664	105,801	26,243	NH
Oct. 13	528,407	485,970	15,664	105,801	26,243	NH

AUSTRALIAN COMMONWEALTH BANK

In £'s (000's omitted)

	Oct. 12, 1937	Sept. 13, 1937	Sept. 20, 1937	Sept. 27, 1937	Oct. 4, 1937	Oct. 11, 1937
ASSETS						
Gold and English sterling	18,002	18,007	18,007	18,007	18,007	18,007
Other coin, bullion and cash	6,117	4,821	4,890	5,443	5,379	5,389
Money at short call—London	19,266	34,688	35,042	35,820	34,609	37,901
Short-term loans	8,144	3,178	3,176	2,641	2,860	2,849
Securities	71,795	76,925	76,920	77,688	77,668	77,967
Discounts and advances	8,542	10,295	10,371	10,190	10,520	10,470
LIABILITIES						
Notes issued	47,038	47,534	47,534	48,284	48,284	48,284
Reserve premium on gold	7,753	7,753	7,753	7,753	7,753	7,753
Deposits	69,900	82,929	83,185	83,776	83,699	86,349

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

	Oct. 5, 1937	Sept. 13, 1937	Sept. 20, 1937	Sept. 27, 1937	Oct. 4, 1937
ASSETS					
Gold	2,801	2,801	2,801	2,801	2,801
Sterling exchange	16,646	18,836	18,836	19,066	17,462
Advances to State	2,166	4,299	4,465	4,565	4,149
Investments	2,166	2,906	2,906	2,906	2,906
LIABILITIES					
Bank notes	11,295	12,944	12,949	12,994	12,954
Demand liabilities:—Govt.	3,825	5,605	5,450	5,153	5,216
Other	7,309	8,869	9,280	9,567	7,696
Ratio of reserves to sight liabilities	86.7%	78.9%	78.5%	78.9%	78.3%

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

	Sept. 30, 1937	Sept. 15, 1937	Sept. 22, 1937	Sept. 29, 1937
ASSETS				
Reserve of which:				
Gold coin and bullion	184,379	212,598	214,353	208,116
Investments	179,430	179,443	179,474	179,474
LIABILITIES				
Note circulation	138,087	166,204	168,528	170,364
Deposits: Dominion Government	127,790	155,831	159,348	161,333
Chartered banks	13,616	29,901	29,793	26,308
Ratio of reserves to notes and deposit liabilities	58.5%	57.7%	57.5%	56.5%

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

	Oct. 2, 1937	Sept. 3, 1937	Sept. 10, 1937	Sept. 17, 1937	Sept. 24, 1937	Oct. 1, 1937
ASSETS						
Gold coin and bullion	22,930	22,939	22,940	22,939	22,938	22,939
Bills discounted: Foreign	5,300	5,300	5,445	6,052	6,385	6,136
Investments	1,733	1,726	1,726	1,725	1,725	1,725
Other assets	11,734	10,841	10,924	10,667	10,552	10,882
LIABILITIES						
Notes in circulation	15,545	16,844	15,969	15,317	15,241	17,307
Deposits: Government	2,248	1,551	1,601	1,989	2,499	1,868
Bankers	18,251	17,357	18,793	19,458	18,373	17,999
Ratio of cash reserves to liabilities to public	59.3%	59.8%	59.9%	59.4%	58.7%	57.4%

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MONTHLY STATEMENT OF LONDON CLEARING BANKS

(000's omitted)

Average Weekly Balance SEPTEMBER, 1937	Barclays Bank, Limited	Coutts and Co.	District Bank, Limited	Glyn, Mills and Co.	Lloyds Bank, Limited	Martins Bank, Limited	Midland Bank, Limited	National Bank, Limited	National Provincial Bank, Limited	West- minster Bank, Limited	Williams Deacon's Bank, Limited	Aggre- gate
ASSETS	£	£	£	£	£	£	£	£	£	£	£	£
Coin, bank notes and balances with the Bank of England	43,606	1,985	7,942	3,819	42,282	9,303	53,630	3,280	31,429	36,678	3,643	237,597
Balances with and cheques in course of collection on other banks in Great Britain and Ireland ..	9,957	616	1,937	823	9,165	3,119	12,175	203	7,676	9,336	1,541	56,548
Items in transit	...	...	...	...	3,128	667	...	...	...	...	...	3,795
Money at call and short notice	24,308	2,081	8,393	10,218	28,416	6,732	26,494	4,500	20,391	24,570	5,802	161,905
Bills discounted	51,423	1,071	3,515	462	49,382	2,810	76,143	1,467	39,652	54,080	635	280,640
Investments	107,137	8,892	29,875	11,458	114,332	29,470	113,785	14,879	87,537	111,396	12,110	640,871
Advances to customers and other accounts	196,498	11,541	30,566	12,150	165,467	43,727	214,314	16,247	133,989	135,403	13,838	973,740
Liabilities of customers for acceptances, en- dorsements, etc.	8,931	544	8,885	2,467	33,621	7,802	20,253	273	8,844	21,699	1,183	114,502
Bank premises account Investments in affiliated banks and subsidiary companies	7,535	412	1,554	740	7,622	2,696	9,884	676	7,381	5,305	1,086	44,891
	6,968	...	...	...	3,325	...	7,745	...	2,514	2,993	...	23,545
	456,363	27,142	92,667	42,137	456,740	106,326	534,423	41,525	339,413	401,460	39,838	2,538,034
LIABILITIES												
Capital paid up	15,858	1,000	2,976	1,060	15,810	4,160	14,248	1,500	9,479	9,320	1,875	77,286
Reserve fund	10,250	1,000	2,976	530	9,000	3,300	11,500	1,130	8,000	9,320	800	57,806
Current deposit, and other accounts	421,324	24,598	77,830	37,795	398,303	91,045	488,422	37,260	313,090	361,110	35,980	2,286,757
Acceptances, endorse- ments, etc.	8,931	544	8,885	2,467	33,621	7,802	20,253	273	8,844	21,699	1,183	114,502
Notes in circulation	...	...	...	...	6	19	...	1,362	...	11	...	1,398
Reduction of bank premises account	...	...	...	285	...	...	...	...	...	...	...	285
	456,363	27,142	92,667	42,137	456,740	106,326	534,423	41,525	339,413	401,460	39,838	2,538,034

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

Assets	Oct. 12, 1936	Sept. 13, 1937	Sept. 20, 1937	Sept. 27, 1937	Oct. 4, 1937	Oct. 11, 1937
Gold	589,894	1,265,888	1,265,888	1,265,888	1,275,877	1,290,816
Silver	18,784	18,306	18,402	18,519	17,562	17,378
Home bills discounted Loans and advances in current account ..	22,905	10,646	10,754	10,650	10,702	9,572
LIABILITIES						
Notes in circulation ..	775,290	834,793	829,019	833,521	863,072	849,078
Deposits	114,798	663,546	670,144	667,100	663,615	668,850

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

Assets	Oct. 7, 1936	Sept. 7, 1937	Sept. 15, 1937	Sept. 23, 1937	Sept. 30, 1937	Oct. 7, 1937
Gold	2,075,945	2,542,839	2,527,859	2,528,756	2,530,861	2,530,922
Of which held abroad ..	188,961	462,737	467,214	493,731	510,184	538,353
Foreign exchange	48,000	217,031	263,609	338,790	404,831	474,348
Discounts	120,445	9,252	9,216	9,370	9,244	9,085
Advances	65,722	27,229	27,140	26,818	27,727	27,789
Securities	43,176	15,881	15,688	15,688	15,906	15,906
LIABILITIES						
Notes in circulation ..	1,363,371	1,387,085	1,377,106	1,380,125	1,442,360	1,413,687
Deposits	966,175	1,394,301	1,428,849	1,510,751	1,523,185	1,613,751

N.B.—Exchange Equalisation Fund and assets included in returns Dec. 31, 1936, onwards at 538,583,653 fcs.

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

Assets	Oct. 7, 1936	Sept. 15, 1937	Sept. 23, 1937	Sept. 30, 1937	Oct. 7, 1937
Gold reserve	435,445	467,558	467,547	467,752	467,651
Government securities: Swedish ..	28,500	2,000	2,000	2,000	2,000
Foreign	70,163	48,189	48,694	42,007	42,921
Gold abroad not included in the gold reserve	90,127	68,559	68,561	68,530	68,545
Balances with foreign banks	291,100	247,428	261,277	275,837	283,004
Bills payable in Sweden	11,577	12,380	12,631	12,724	12,820
Bills payable abroad	219,709	695,547	696,511	696,112	693,809
Advances	29,353	25,143	25,180	25,729	23,419
LIABILITIES					
Notes in circulation	796,589	854,066	843,868	847,422	885,850
Deposits: Government	106,606	133,687	127,900	129,403	139,441
Commercial banks	397,407	745,983	779,181	695,819	753,018
Other	16,423	9,260	9,416	9,228	8,790

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

Assets	Oct. 7, 1936	Sept. 15, 1937	Sept. 23, 1937	Sept. 30, 1937	Oct. 7, 1937
Cash reserve: Gold coin and bullion ..	242,740	243,090	243,100	243,107	243,112
Net foreign exchange	125,735	140,391	141,314	141,876	145,794
Bills discounted	213,310	191,520	189,691	190,126	189,069
Federal debt	624,444	620,152	620,152	620,152	620,152
LIABILITIES					
Notes in circulation	903,914	855,023	823,825	813,950	862,257
Deposits	277,296	331,937	365,721	272,299	325,913

† 5,976.28 schillings = 1 kg. fine gold, Dec. 31, 1936, and after.

NATIONAL BANK OF HUNGARY.—In Hungarian Pengo

Assets	Oct. 7, 1936	Sept. 15, 1937	Sept. 23, 1937	Sept. 30, 1937	Oct. 7, 1937
Metal reserve	78,936	84,056	84,056	84,056	84,056
Gold coin and bullion	31,429	59,468	58,257	57,724	55,381
Foreign exchange	6,301	4,662	4,948	4,940	4,845
Token money	499,550	385,000	381,971	419,176	403,805
Inland bills, warrants and securities ..	94,159	111,322	112,322	112,322	113,538
Advances to Treasury	400,148	403,817	393,716	457,058	432,506
Current accounts, deposits, etc.	181,529	218,801	224,412	186,604	207,352
Cash certificates	95,825	92,901	92,901	92,901	89,233
Other liabilities	164,412	160,110	162,056	164,165	165,726

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

Assets	Sept. 30, 1936	Sept. 7, 1937	Sept. 15, 1937	Sept. 23, 1937	Sept. 30, 1937
Gold holdings	1,615,855	1,833,910	1,833,910	1,833,910	1,833,910
Balances abroad and foreign currencies	490,259	299,750	375,413	384,202	398,861
Discounts and advances	1,883,696	1,314,316	1,312,023	1,413,580	1,437,244
Advances to the Treasury	2,671,279	3,522,998	3,522,998	3,522,998	3,522,998
LIABILITIES					
Reserves	1,242,061	1,209,097	1,208,094	1,207,857	1,207,826
Bank notes in circulation	2,790,261	2,837,719	2,857,238	2,860,362	2,850,384
Sight liabilities	2,054,988	2,778,136	2,853,507	2,960,483	2,969,388
Deposits	121,293	103,063	103,050	103,050	103,050

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K. *

Assets	Sept. 8, 1936	Sept. 15, 1937	Sept. 23, 1937	Sept. 30, 1937	Oct. 7, 1937
Gold	2,593,188	2,572,485	2,571,724	2,571,175	2,569,396
Balances abroad and foreign currencies	24,780	359,355	380,844	389,994	413,708
Discounts and advances	1,916,654	2,200,907	2,161,043	2,383,304	2,375,126
State notes debt balance	2,030,433	2,014,020	2,013,942	2,013,623	2,013,192
LIABILITIES					
Bank notes in circulation ..	5,705,293	5,847,727	5,736,331	6,488,540	6,198,301
Deposits	575,923	513,978	641,758	170,486	488,314

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

NATIONAL BANK OF JUGOSLAVIA

Assets	Sept. 30, 1936	Sept. 15, 1937	Sept. 23, 1937	Sept. 30, 1937	Oct. 7, 1937
Cash reserve: Gold at home and abroad ..	1,552,826	1,693,109	1,694,223	1,704,197	1,712,332
Other foreign exchange	573,537	743,096	726,240	712,332	712,332
Bills and advances against security ..	1,670,647	1,580,286	1,573,276	1,589,485	1,589,485
Government advances	1,061,662	1,651,771	1,651,800	1,651,800	1,651,800
LIABILITIES					
Notes in circulation	5,250,230	5,808,117	5,737,879	5,842,599	5,842,599
Sight deposits	1,499,741	2,308,372	2,419,783	2,386,667	2,386,667

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

Assets	Sept. 30, 1936	Aug. 31, 1937	Sept. 10, 1937	Sept. 20, 1937	Sept. 30, 1937
Gold	372,807	429,418	430,013	430,416	431,040
Foreign exchange and balances	16,493	32,013	33,068	34,026	35,104
Bills discounted	661,853	586,503	542,449	541,849	572,807
Loans against securities	119,757	26,197	27,358	24,854	29,377
Treasury bonds discounted	46,879	49,445	48,197	47,489	48,180
Securities	135,641	135,312	135,726	135,750	135,764
LIABILITIES					
Notes in circulation	1,047,785	1,021,801	1,008,068	983,690	1,044,752
Sight liabilities	196,105	248,669	275,867	307,715	280,498

BANK OF FINLAND.—In F Marks (000's omitted)

Assets	Sept. 30, 1936	Sept. 8, 1937	Sept. 15, 1937	Sept. 23, 1937	Sept. 30, 1937
Gold reserve	603,410	602,806	602,786	602,761	602,738
Gold abroad not included in the gold reserve	111,418	37,003	31,978	31,976	31,976
Foreign correspondents	1,118,130	2,084,748	2,049,554	2,051,045	2,078,731
Foreign bills, bank notes, and coupons ..	82,729	85,446	89,530	96,038	97,468
Inland bills and other home loans	963,344	1,011,488	1,006,115	1,013,826	1,013,684
Finnish and foreign bonds	478,078	515,791	511,876	512,220	517,660
LIABILITIES					
Notes in circulation	1,551,372	1,913,608	1,931,795	1,902,928	2,004,752
Government deposits at sight	28,925	291,552	210,896	177,262	160,411
Other deposits at sight	623,716	908,021	929,579	983,913	916,717
Ratio of ordinary cover to liabilities at sight	72.93	79.21	79.08	79.10	78.19

BANK OF LATVIA.—In lats (000's omitted)

BANK OF CALIFORNIA						
	Oct. 5, 1936	Sept. 6, 1937	Sept. 13, 1937	Sept. 20, 1937	Sept. 27, 1937	Oct. 4, 1937
ASSETS						
Gold coin and bullion	76,806	77,478	77,478	77,479	77,480	77,481
Silver coin	15,878	14,766	14,784	14,617	14,618	14,114
Foreign currency	21,128	43,394	42,286	44,286	45,469	45,462
Treas. notes and small change	10,919	7,286	7,689	7,176	7,120	6,716
Short-term bills	51,168	49,656	49,218	49,675	49,628	49,467
Loans against securities	79,303	71,905	73,119	74,854	76,143	78,600
LIABILITIES						
Notes in circulation	38,147	50,789	50,317	53,292	53,905	56,277
Deposits	19,401	21,436	21,377	21,376	21,408	21,519
Current accounts	113,474	121,770	117,766	119,801	122,007	121,833
Government accounts	44,263	61,835	60,133	61,522	60,065	59,233

Rates of Exchange, New York on—	Par Level	Oct. 14, 1936	Sept. 29, 1937	Oct. 6, 1937	Oct. 13, 1937
London— 80 days Cable Cheques					
Paris .....cheques	Dollars for £1 ...	Old par 4-8866 New par 4-8897 8-2397	4-884 4-89 4-8957	4-9418 4-9508 4-9537	4-9456 4-9543 4-9587
Brussels	Cents for 1 franc	23-54	16-835	16-845	16-855
Switzerland	Cents for 1 franc	32-67	23-985	22-965	23-02
Italy	Cents for 1 lira	8-91	5-26	5-28	5-28
Berlin	Cents for 1 mark	40-33	40-22	40-13	40-175
Vienna	Cts. for Austrian sh.	23-82	18-78	18-88	18-88
Madrid	Cents for 1 peseta	32-67			
Amsterdam	Cents for 1 guilder	68-06	53-48	55-90	55-90
Copenhagen			24-60	24-68	24-90
Stockholm			25-24	25-53	25-55
Athens	Cents for 1 drachma	1-294	0-90	0-90	0-91
Montreal	Cents for Can. \$1	189-31	100-4	100-4	100-4
Yokohama	Cents for 1 yen	84-40	28-63	28-875	28-89
Shanghai	Cents for 1 dollar		29-56	29-85	29-75
Calcutta	Cents for 1 rupee	81-80	37-01	37-40	37-47
Buenos Aires	Cents for 1 peso		32-62	30-70	30-73
Rio de Janeiro	Cents for 1 milreis	11-96	8-25	8-34	8-35

THE BANK OF LONDON AND SOUTH AMERICA, LTD., has received telegraphic advice from Valencia that the gold surcharge for payment of Spanish customs duties has been fixed for the period October 11th to 20th at 220-96 per cent. The previous rate was fixed as from October 1st at 205-91 per cent.

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES

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

Bolivia.*	Commercial Banks' "free" selling rate was 100 bolivianos per £ on August 20, 1937.
Colombia.*	Sight selling rate on New York was 175-77 pesos per 100 U.S. dollars on September 23, 1937. This rate applies to holders of permits buying in the "open" market.
Ecuador.	Sight selling rate on New York was 13-25 sucres per U.S. dollar on September 24, 1937.
Guatemala.	Sight selling rate on New York is maintained at one quetzal per U.S. dollar, but a commission of 1 per cent. is charged by the Central Bank for the sale of drafts.
Nicaragua.*	Sight selling rate on New York including tax and commission was 2-16 cordobas per U.S. dollar on September 17, 1937.
Paraguay.	Exchange is quoted on Buenos Aires; the sight rate was 70-50 Paraguayan pesos per Argentine "free" paper peso on September 15, 1937.
El Salvador.	Sight selling rate on New York was 2-51 colones per U.S. dollar on September 22, 1937.
Venezuela.	Sight selling rate on New York has been maintained at 3-19 bolivares per U.S. dollar since April 27, 1937.

* Exchange controls are operative in these countries.

Overseas bank rates and exchange rates for South Africa and Australasia appeared in the issue of October 2nd on page 45.

GOLD AND SILVER

The following statistics of imports and exports of gold and silver for the week ended October 14, 1937, are issued by the Statistical Department of H.M. Customs and Excise

IMPORTS AND EXPORTS OF GOLD (Into and from United Kingdom)

Imports			Exports		
From	Bullion*	Coin†	To	Bullion*	Coin†
British W. Africa	£ 164,650		Palestine	£	£ 6,000
British S. Africa	2,022,047		British India		900
Tanganyika	11,604		Finland	23,536	
Kenya	27,949		Netherlands	874,405	18,000
Uganda	2,014		France	56,603	1,700
British India	245,724		Syria	352,955	43,500
France	15,769		Switzerland	306,223	21,346
Netherlands		290,160	U.S.A.	2,059,827	22,000
Switzerland		48,168	Argentina	2,002,779	
Greece	1,000,000	7,811	Other countries	350	400
Venezuela	27,072				
Other countries	1,544	72			
Totals	3,518,373	290,437	Totals	5,676,678	84,000
		55,979			23,046

IMPORTS AND EXPORTS OF SILVER

Imports			Exports		
From	Bullion*	Coin†	To	Bullion*	Coin†
British W. Africa	£	£ 273	Aden	£	£ 14,805
Germany	5,999	37	British India		3,380
Netherlands	17,823	25	New Zealand		4,055
Belgium		25	Netherlands	7,760	100
France		25	France		
Argentina	5,292	500	Iraq		8,683
Other countries	2,132		U.S.A.	26,870	
			Other countries	3,350	
Totals	31,276	893	Totals	37,980	100
		638			30,923

* At current market value. † Coin which is of legal tender in the United Kingdom is entered at face value and shown in italics. Other coin is entered at current market value.

No gold movements were reported at the Bank of England between October 8th and 14th. Details of previous movements were given in the issue of October 2nd on page 46.

GOLD MARKET

Messrs. Samuel Montagu and Company write on October 13, 1937:—The Bank of England gold reserve against notes amounted to £28,406,625 on October 8th, showing no change as compared with September 29th.

Some return of confidence in the French franc has resulted in a slackening of demand for gold from those quarters which fear a further world devaluation of currencies. Consequently the amounts dealt with and the premium over the arbitrage shipping parity with New York have tended to increase. Altogether during the week under review about £2,790,000 has changed hands at the fixing and the premium has ranged from 2½d. to 1d. The s.s. "Kaiser-i-Hind," which sailed from Bombay on October 9th, carries gold to the value of about £185,000.

SILVER MARKET

The week under review opened with sellers proving reluctant and, in consequence, modest demand sufficed to bring about a slight improvement in prices to 20½d. for cash and 19½d. for forward quoted both on October 9th and October 11th. However, on October 12th, with both the American and Indian markets closed, little interest was shown here and prices declined by ½d. and ¼d. for the respective deliveries; October 13th has seen no change.

The general undertone remains steady.

Quotations for gold and silver are shown below:—

1937	Price of Gold per Fine Ounce	Equivalent Value of £ sterling	Price of Bar Silver in London per ounce standard		Price of Silver New York per ounce 999 fine
			Cash	Two Months	
Oct. 7 ...	s. d. 140 6½	s. d. 12 1-07	d. 19 1½	d. 19 1½	1937 Oct. 6 to Oct. 11 Inclu- sive } Cents 45
" 8 ...	140 6½	12 1-07	19 1½	19 1½	
" 9 ...	140 6½	12 1-07	19 1½	19 1½	
" 10 ...	140 6½	12 1-07	20 1	19 1½	
" 11 ...	140 4½	12 1-07	20 1	19 1½	
" 12 ...	140 4	12 1-25	19 1½	19 1½	
" 13 ...	140 4	12 1-29	19 1½	19 1½	
Average	140 5-75	12 1-14	19-990	19-906	
Oct. 14 ...	140 4	12 1-29	19 1½	19 1½	

The market in New York was closed for the Columbus Day holiday on October 12th.

The highest rate of exchange on New York recorded during the period from October 7th to 13th, was \$4-98, and the lowest \$4-95½.

OTHER STATISTICS

A QUARTER'S INDUSTRIAL PROFITS

SUPPLEMENTARY TABLES

(See Leading Article on Page 109)

TABLE (A)—AVERAGE RATES PAID

	On Debenture Capital				On Preference Capital				On Ordinary Capital			
	1934	1935	1936	1937	1934	1935	1936	1937	1934	1935	1936	1937
1st quarter	4-73	4-84	4-51	4-39	4-9	5-1	5-1	5-1	5-8	5-7	5-8	5-8
2nd "	4-75	4-75	4-58	4-54	5-2	5-7	5-6	5-4	5-7	5-7	5-7	5-7
3rd "	4-88	4-87	4-81	4-44	4-1	4-9	4-9	4-8	6-0	6-7	7-6	8-5
4th "	4-95	4-84	4-75	...	3-7	4-5	4-9	...	6-8	7-9	9-2	9-7
Year	4-82	4-72	4-62	...	4-8	5-2	5-2	...	6-5	7-4	8-2	...

TABLE (B)—NET PROFITS IN INDIVIDUAL INDUSTRIES, QUARTER ENDED SEPTEMBER 30, 1937 (After payment of Debenture Interest, etc.)

Group	No. of Reports	Reports published in Quarter ended September 30th		Increase	Decrease
		1936	1937		
Breweries	25	7,304,192	7,552,786	248,574	5-4
Financial, land and investment	49	1,820,831	2,328,622	507,791	28-8
Iron, coal and steel	31	3,409,364	4,729,083	1,319,719	38-7
Motor, cycle and aviation	6	558,835	751,795	192,960	34-5
Rubber	70	500,752	1,283,392	782,640	158-3
Shipping	3	554,087	703,224	149,137	28-9
Shops and stores	10	1,782,154	1,677,909	104,245	5-9
Tea	13	210,925	202,067	1,142	0-5
Textiles	22	485,701	723,239	237,538	49-9
Trusts	22	830,725	1,183,819	353,094	42-2
Building materials	11	417,252	578,535	161,283	38-7
Food, confectionery and drink	6	332,440	451,020	118,580	35-7
Newspapers, printing, etc.	6	664,043	756,917	92,874	13-9
Tobacco	3	541,716	535,475	5,241	1-1
Warehouse and trading	5	119,370	142,551	23,181	19-3
Miscellaneous	52	3,728,844	4,480,403	751,559	20-2
Total*	337	23,964,728	28,575,020	4,610,292	19-2

* Including 11 companies in following groups where available returns were insufficiently numerous to be representative: canals and docks, electric lighting and power, hotels and restaurants, oil, tramway and omnibus, waterworks, electrical equipment.

TABLE (C)—PROFITS, DIVIDENDS, ETC., IN SEPARATE INDUSTRIAL GROUPS
(Quarter ended September 30, 1937)

Group	Net Profits after Payment of Debenture Interest	Ordinary Dividend	Preference Dividend	To Reserve, etc.
Breweries	7,552,786	5,520,951	73-1	636,817
Financial, land and investment	2,328,622	1,086,980	46-7	734,167
Iron, coal and steel	4,729,083	2,329,894	49-3	558,992
Motor, cycle and aviation	751,795	367,675	48-9	55,476
Rubber	1,293,392	933,987	72-2	3-3
Shipping	703,224	155,461	22-1	80,179
Shops and stores	1,677,909	588,970	33-9	675,670
Tea	202,067	120,200	59-4	31,056
Textiles	723,239	243,031	33-6	192,152
Trusts	1,183,819	584,469	49-3	419,542
Building materials	578,535	239,252	41-3	61,009
Food, confectionery and drink	451,020	206,914	45-8	53,094
Newspapers, printing, etc.	756,917	302,378	39-9	160,182
Tobacco	535,475	388,200	72-5	139,000
Warehouse and trading	142,551	43,208	30-3	41,138
Miscellaneous	4,480,403	2,141,695	47-8	626,151
Total†	28,575,020	15,697,651	54-9	4,757,159

† See Note to Table B.

TABLE (D)—RATES OF INTEREST AND DIVIDEND
(Quarter ended September 30, 1937)

Group	Debenture Capital	Rate of Int.	Preference Capital	Rate of Int.	Ordinary Capital	Rate of Div.*	Rate of Div.† a year ago†
Breweries	12,365,443	4-2	11,821,757	5-4	33,329,710	16-6	15-5
Financial, land and investment	11,829,188	4-6	13,605,894	5-4	18,285,488	5-9	4-6
Iron, coal and steel	4,485,597	4-6	13,034,224	4-3	34,641,159	6-7	5-7
Motor, cycle and aviation	Nil		1,249,027	4-4	2,790,334	13-2	9-7
Rubber	2,062,614	5-6	52,371	6-3	14,004,257	6-6	3-3
Shipping	Nil		2,282,015	3-5	7,304,850	2-3	0-3
Shops and stores	4,296,590	4-1	10,675,964	6-3	7,304,850	7-8	12-0
Tea	314,307	6-4	5,659,704	3-4	6,561,220	3-7	2-9
Textiles	3,401,000	3-9	10,717,800	3-9	10,983,709	5-3	4-4
Trusts	13,891,058	4-5	1,123,843	5-4	1,852,005	12-9	18-4
Building materials	160,000						
Food, confectionery and drink	161,270	5-8	1,093,535	4-8	3,505,023	5-9	12-7
Newspapers, printing, etc.	203,840	4-5	2,190,188	7-3	1,645,553	18-3	4-7
Tobacco	Nil		2,200,000	6-3	3,340,000	11-6	11-6
Warehouse and trading	450,000	3-8	807,877	5-1	800,000	5-4	5-4
Miscellaneous	9,838,747	5-0	10,644,569	5-9	14,963,282	14-3	9-3
Total‡	74,310,679	4-5	97,842,151	4-8	161,146,516	9-7	7-6

* 337 companies. † 382 companies. ‡ See note to table B.

TABLE (E).—ORDINARY SHARE RATIOS				
Cos. reporting in Third Quarter of	Total Ordinary Capital	Earned for Ordinary	Paid on Ordinary	"Reserved" (Ratio to Ordinary Capital)
	(£'000)	(%)	(%)	(%)
1930	178,664	10·7	8·4	2·3
1931	212,160	4·7	5·4	<i>Dr.</i> 0·7
1932	225,695	4·5	4·3	0·2
1933	175,807	5·7	5·3	0·4
1934	161,187	8·0	6·0	2·0
1935	174,159	9·7	6·7	3·0
1936	192,355	12·1	7·6	4·5
1937	161,146	14·8	9·7	5·1

SIAMESE TIN DREDGING.—Third interim dividend 15 per cent. for year 1937, making 40 per cent. to date. For whole of 1936 25 per cent. was paid.

(Continued on page 143)

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Debenture Interest	Amount Available for Distribution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Depreciation, etc.	Balance Forward	Net Profit	Dividend
					Preferential	Ordinary	Rate				
					Amount	Amount	Rate				
Breweries and Distilleries											
Seager, Evans & Company	July 31	£ 31,666	105,744	137,410	£ ...	£ 45,840	% 14	£ 71,459	£ 20,111	£ 87,898	% 12½
Coal, Iron and Steel											
Cochran and Co., Annan ...	June 30	Dr. 185	17,480	17,295	...	7,485	7½	8,000	1,810	(a)	(a)
Financial, Land, &c.											
Balkis, Ltd.	Aug. 31	1,204	5,905	7,109	...	5,262	{ 5 ord. 5 def. }	...	1,347	5,060	{ Sord Nil def. 6 }
F'h'd. Prop'ties of S. Africa	June 30	2,100	17,627	19,727	5,829	6,038	6	5,440	2,420	(b) 23,345	6
International Financial Soc.	Sept. 30	...	13,638	13,638	13,500	...	...	138	...	10,365	Nil
Rio de Janeiro Land, etc. ...	Dec. 31	Dr. 26,021	Dr. 2,836	Dr. 28,857	...	...	...	...	Dr. 28,857	Dr. 2,665	Nil
Gas											
Deal and Walmer Gas.....	June 30	1,867	7,629	9,496	3,500	3,220	6½	...	2,776	7,497	7½
Motor Cycle and Aviation											
Hawker Aircraft.....	Mar. 31	11,686	78,068	89,754	13,711	65,625	17½	...	10,418	141,541	20
S.S. Cars	July 31	4,150	41,370	45,520	6,500	15,000	12½	17,079	6,941	32,084	10
Triumph Co.	July 31	...	(v) 10,506	10,506	1,016	...	...	5,000	4,490	(a)	(a)
Rubber											
Batu Rata (Sumatra).....	June 30	4,067	15,678	19,745	...	15,000	10	1,000	3,745	6,801	3½
Berang (Selangor)	June 30	2,762	5,382	8,143	...	3,487	4	2,000	2,656	3,360	4
British Rubber of Java.....	June 30	16,333	50,468	66,799	...	35,949	5	12,617	18,233	590	Nil
Federated (Selangor)	June 30	725	9,446	10,171	...	7,225	12½	2,050	896	3,884	5
Hevea (Johore)	June 30	2,658	12,688	15,346	445	11,128	10	1,000	2,773	5,084	4
Indian Peninsula Rubber, etc.	June 30	Dr. 1,477	861	Dr. 616	...	...	...	...	Dr. 616	Dr. 1,795	Nil
Karmen	May 7	10,144	11,947	22,091	...	10,000	10	...	12,091	5,345	4
Morib	June 30	3,010	5,970	8,980	...	5,250	7½	1,000	2,730	3,922	5
Parit-Bruas (Malay)	June 30	148	12,306	12,454	...	11,000	22	1,296	158	6,495	11
Patani Para	June 30	4,168	14,066	18,234	...	11,040	12	2,500	4,694	7,324	7½
Sengat	June 30	6,004	15,133	21,137	...	12,750	7½	4,750	3,637	7,018	4
Singapore Para	June 30	4,638	14,702	19,340	...	11,933	10	2,277	5,130	8,059	5
Srathasia (Perak)	June 30	7,095	17,898	24,993	...	14,000	17½	3,318	7,677	11,694	12½
Shipping											
W. Hartlepool Stm. Navgtn.	Mar. 31	23,089	77,776	100,865	11,000	52,500	25½	10,000	27,365	65,125	20½
Shops and Stores											
Easterns, Ltd.	Aug. 31	5,186	51,173	56,359	14,312	14,196	15	22,549	5,302	51,688	15
Tea											
Lanka Plantations.....	June 30	2,288	16,838	19,126	1,800	11,250	7½	3,500	2,576	11,600	6
Trusts											
Second American Trust.....	Aug. 31	15,231	28,151	43,382	33,206						

(v) **Nine months.**

H. BRIGGS, SON AND COMPANY.—The company is acquiring the Newthorpe Lime Works (Micklefield) and the share capital of Ledston.

[illegible]

LIQUID ASSETS	£3,324,851	-	-	-	-	-	TOTAL ASSETS	£8,887,886
RESERVE FOR DEPRECIATION	-	-	-	-	-	-		1,960,759
RESERVES AND CARRY FORWARD	-	-	-	-	-	-		1,403,330
CASH AND SECURITIES	-	-	-	-	-	-		1,460,081

	<u>HOME</u>	<u>EXPORT</u>
INCREASED SALES OF CARS OVER 1936	24.9%	38.7%

ELEVEN FINANCIAL PERIODS (10 years 10 months)
1st Oct., 1926, to 31st July, 1937

Gross Trading Profit	-	-	-	-	£13,758,366	£1,270,003
Maintenance and Depreciation	-	-	-	-	5,507,694	508,403
Capital Expenditure	-	-	-	-	3,261,989	301,107
Income Tax & N.D.C.	-	-	-	-	1,728,177	159,524
Debt Service Interest and Dividends	(Inc. Arrears)	gross	-	-	5,277,543	487,158

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

THE trend of the quotations for the principal primary products was irregular during the past week. There are indications that the general downward trend of prices has been arrested, at least temporarily. At the same time there are no signs as yet of a resumption of purchases on a large scale by consumers.

The metal markets were a little steadier. Copper prices are scarcely changed on the week, while lead and spelter were slightly dearer. Tin prices, on the other hand, continued their downward trend. The market in rubber showed more resistance at the lower level of quotations, but business in vegetable oils and oilseeds was again small and quotations generally easier. Raw cotton prices were marked down sharply on the publication of the latest forecast of the probable yield of the crop in the United States, which, at 17.6 million bales, showed an increase of 1.5 million bales over the September estimate. But the market subsequently improved, leaving quotations unchanged on the week in spite of the anticipation of a further increase in the official crop estimate next month. Wool prices, on the other hand, continued their downward trend.

Wheat, which had been firm until a fortnight ago, continued to fall in price this week. Likewise, cocoa was again cheaper, but raw sugar remained unchanged. The market in meat showed little change, while bacon was slightly cheaper and butter a little dearer.

Quotations of primary products in the United States registered a further sharp fall, and Moody's index of the prices of staple commodities fell well below the level of a year ago. The index declined from 177.1 (December 31, 1931 = 100) to 172.1 during the week ended last Wednesday, against 193.7 a month ago and 183.8 a year earlier.

COAL

SHEFFIELD.—Inland demand is steady to strong, and collieries are in full working. Steam coal serves to account for the major portion of output. Rather better business is being done in house coal, and gas coal is much more active. Small coal is in good demand and prices are firm. Demand for coke works supplies is at a high level, and electricity works are taking larger supplies under contract. Coke remains a very firm market with demand gradually expanding, partly due to the needs of central-heating. Furnace coke is moving freely, and there is no weakening of the position in any brands of metallurgical coke.

On the export market the demand remains good on the whole. Coal for immediate shipment is rather less wanted.

NEWCASTLE-ON-TYNE.—The prompt position in Northumberland screened coals is quiet and as a result a few collieries are having to accumulate this class of coal. This surplus in Northumberland screened coals at a time of the year when there should be an improvement in demand is causing some alarm to collieries, and it is being suggested that trade in the home market has been lost to Yorkshire and the Midland collieries. Other sections of the market are very steady, Durham manufacturing coal being as scarce as ever.

CARDIFF.—New business continues very restricted on the Cardiff coal market, but prices are tending to harden rather than to weaken, and this week the quotations for washed dry nuts have been increased by 1s. per ton. Other washed smalls as well as coking classes are also scarce and very firm. There are slightly increased quantities of large grades available for spot or prompt shipment, but the Central Control Board is firmly resisting the "bearish" influence of suspended orders. Contract commitments continue to absorb nearly the whole of the current output. Shipments in the foreign and coastwise trades last week totalled 437,000 tons, compared with 386,300 tons the previous week and 339,660 tons in the corresponding week last year. Coke and patent fuel are both firm markets, but pitwood is easier. The current ex-skip prices of Portuguese timber have been reduced by 6d. per load, and it is anticipated that mainly as the result of the recent fall in the exchange value of the franc the sterling c.i.f. price of French pitwood under the pitwood-coal barter agreement will also be substantially reduced.

GLASGOW.—Conditions have shown little change this week. New foreign enquiry remains on a poor scale, and the collieries in various districts, particularly on the East coast, are now in need of some prompt business. This applies to both round coal and nuts, and in both cases prices are being shaded for spot clearances. The market position on a whole, however, remains quite strong. Most of the collieries hold very good order books, and with the household trade now opening up their position should be further strengthened. At the moment a scarcity of wagons is causing some inconvenience and is a part cause of the easier trend of spot quotations. Ayrshire remains a busy district, and little coal is coming on offer from this area at the moment. Lanarkshire is in need of business in round coal.

IRON AND STEEL

LONDON.—The weekly report of the London Iron and Steel Exchange indicates that activity at the works is undiminished, but that the volume of new business is limited by the reluctance of producers to add to their already heavy commitments. Except in special cases consumers find it impossible to place orders for anything but far forward delivery. Heavy tonnages are passing to the consuming industries and the whole of the record output of steel is going immediately into consumption.

The stringency which has ruled for so long in the pig iron market has been relieved by the increased home production and by large importations, and the situation at the steelworks and foundries seems to be more comfortable than for many months past. There is, however, a scarcity of some brands, largely as a result of the concentration of productive resources upon steel-making pig iron.

In the semi-finished steel market conditions of scarcity continue to rule, although the position has shown signs of becoming easier. British works producing this class of steel are operating at capacity and imports from the Continent seem to be arriving in greater quantities and with more regularity.

The demand for finished steel is unrelaxed, and home consumers eagerly take up any tonnages which become available. Export inquiry has declined

during the past few weeks, but there are still heavy quantities to be delivered against contracts entered into some time ago.

SHEFFIELD.—Business in the iron and steel market continues at a high level. Supplies of pig iron are on a somewhat better scale, although there is still no possibility of accumulating supplies either at furnaces or works, the whole make going into immediate consumption. Producers are not accepting much new business for this year, although here and there contracts are being entered into for the first months of 1938 at quotations ruling at time of delivery. Slightly better supplies of East Coast hematite are coming forward, but they are well below consumers' needs. The position as regards West Coast hematite is unchanged. In finished iron common and marked bars are in good demand, but mills are carrying heavy bookings.

The record output of both basic and acid steel billets is still insufficient to meet all requirements, and business in wire rods, strip and bars is heavy. For all classes of iron and steel scrap there continues to be a very good inquiry. Cast iron, which is not subject to control, is coming forward in fair quantities, and the price of steelworks quality has eased to about 65s. per ton. All other prices remain at the old levels.

Orders from overseas continue to come to this district on a satisfactory scale. Both the heavy and light sections of engineering have sufficient work to keep them busy well into the new year.

MIDDLESBROUGH.—The output of Cleveland foundry pig iron is sold to the end of the year, and producers are not inclined to negotiate sales for forward delivery. Makers of East Coast hematite are able easily to dispose of their production. Prices remain unaltered. Shipments of pig iron from the Tees during the first twelve days of October amounted to 1,744 tons, compared with 5,852 tons during the same period in September.

Home demand for steel is in excess of supplies, and, even with the increased imports, there is still a shortage of semi-manufactured material. Export demand for steel is rather easier.

Larger imports of heavy steel melting scrap have been received during the last few weeks and works are more comfortably supplied. Prices remain at the official figures. Blast furnace coke is quoted at 42s. per ton, delivered at the furnaces, whilst foreign ore remains firm with the maintenance of high freight rates.

GLASGOW.—Conditions in the West of Scotland show no outstanding change this week. All classes of steel are in heavy demand and neither the steelmakers, re-rollers or producers of finished steel can satisfy the requirements of users. At the same time, intensive activity at the plants is general and heavy tonnages are passing into the hands of consumers. The position in regard to supplies of material is easier, and it is believed that regular supplies of Continental material will be available shortly in moderately large quantities. Clyde shipyards are all busy and, while the new tonnage placed during the past month or two is less than the tonnage completed, there is still much work on hand.

CARDIFF.—The position in the South Wales iron and steel trades shows no change. All branches are particularly active, and notably those engaged in the production of raw materials for armament purposes. In the tinplate trade output is being well maintained, the latest returns showing a production equal to 76.58 per cent. of allotted capacity. Shipments of tinplates at Swansea last week totalled 11,723 tons, compared with 7,300 tons the previous week, and 5,093 tons in the corresponding week last year, and stocks have fallen to the relatively low quantity of 4,108 tons. Pig iron, steel ingots, bars, sheets, and tinplates are all firm at their recent quotations.

OTHER METALS

COPPER.—Price movements have been somewhat erratic during the period under review. The tone of the market improved under a more active demand at the end of last week and prices advanced. After the week-end, however, renewed weakness was evident and the early gain was lost. Quotations at the close on Wednesday were about unchanged, compared with those ruling a week earlier. Apart from the general uncertainty of the political outlook, the market has been depressed during the past few days by the expectation of a further increase in world stocks and by the easier tendency on the New York market. Prospects for a sustained improvement must be mainly dependent on the attitude of consumers.

Sales on the London Metal Exchange: 1,550 tons on Monday, against 1,900 tons last week; 2,500 tons on Tuesday, against 2,150 tons last week; 1,700 tons on Wednesday, against 2,900 tons last week. Domestic spot was quoted at 11.57½ cents per lb. in New York on Wednesday, against 11.65 cents a week ago and 13.42½ cents a month ago. Wednesday's official closing price for standard cash in London was £45 12s. 6d. to £45 13s. 9d. per ton, compared with £45 12s. 6d. to £45 15s. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 8,799 tons, showed a decrease of 198 tons, while stocks of rough copper, at 16,668, were 778 tons larger.

LEAD AND SPELTER.—Business in lead has been on a very quiet scale and, despite some weakness on Wednesday, prices show a slight gain on the week. Spelter, on the other hand, has been active, there being a heavy volume of liquidation on Tuesday. Prices on Wednesday were a shade higher than those ruling a week earlier.

According to the *Metallgesellschaft*, world output of smelter lead (excluding Spain) amounted to 139,379 metric tons in August, compared with 139,304 metric tons in July. A slight increase in American production was about counterbalanced by reductions elsewhere, the daily rate of output being virtually unchanged between the two months. The world's smelter output of zinc, according to the same source, registered a slight decline in August, amounting to 140,235 metric tons, against 141,010 metric tons in the previous month.

Sales of lead on the London Metal Exchange: 650 tons on Monday, against 1,250 tons last week; 600 tons on Tuesday, against 1,950 tons last week; 900 tons on Wednesday, against 2,650 tons last week. The New York quotation on Wednesday was 6.00 cents per lb., against 6.00 cents a week ago and 6.50 cents a month ago. Wednesday's official closing quotation in London for soft foreign for shipment during the current month was £18 to £18 1s. 3d. per ton, compared with £17 16s. 3d. to £17 17s. 6d. last week.

Sales of spelter on the London Metal Exchange: 1,050 tons on Monday, against 1,500 tons last week; 2,850 tons on Tuesday, against 2,250 tons last week; 1,700 tons on Wednesday, against 3,400 tons last week. Wednesday's quotation in East St. Louis was 6.25 cents per lb., against 6.25 cents the week before and 7.25 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £17 15s. to £17 17s. 6d. per ton, against £17 12s. 6d. to £17 15s. last week.

TIN.—After registering some improvement at the close of last week, the market became dull and easier, with prices at the lowest for about twelve months. Trading has been on a restricted scale. Apart from the

continued weakness of Wall Street, the market here has been depressed by the reduction in the activity of the American tinplate industry and by the expectation of an increase in world stocks at the close of the present month. Nevertheless, on a consideration of the statistical position alone, the fall would appear to have been overdone. A recovery might reasonably be expected if the general outlook were to show some improvement.

Sales of tin on the London Metal Exchange: 275 tons on Monday, against 375 tons last week; 325 tons on Tuesday, against 300 tons last week; 425 tons on Wednesday, against 675 tons last week. The New York quotation on Wednesday was 51.50 cents per lb., against 54.37½ cents a week ago and 59.87½ cents a month ago. Wednesday's official closing quotation in London for standard cash was £224 to £224 5s. per ton, compared with £233 5s. to £233 15s. a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 2,172 tons, a decrease of 363 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted on Wednesday at £100 per ton, and rolling billets at £102 per ton. Nickel, for home and export, was maintained at £180 to £185 per ton. Quicksilver, on the spot, was £13 5s. to £13 5s. 6d. per flask of 76 lbs., the same as last week. Chinese antimony was quoted at £83 to £84 per ton, ex warehouse, as against £83 to £84 last week. Chinese wolfram for "October-November" shipment was quoted at 115s. to 120s. per unit, c.i.f., as against 117s. 6d. to 122s. 6d. last week. Refined platinum was quoted on Wednesday at £9 10s. per ounce, compared with £10 5s. a week earlier.

TEXTILES

COTTON.—Manchester.—Following the bearish report on the American cotton crop, which raised the indicated yield from 16,098,000 bales to 17,573,000 bales, prices fell, but a recovery has since taken place. This latter development has forced out more inquiry in yarn and cloth, and traders, now having adjusted their views to the new position, are disposed to place larger contracts. Manufacturers have reported more inquiry in cloth for export and the home trade, and a useful business has been recorded. There is still a fear in some quarters that raw material rates may decline further, but it seems hardly possible for the position to become more bearish. There is a quiet confidence that if prices stabilise between the present level and 5d. a lb. business should broaden. It is known that demand for many markets has been backing up, and stability in Liverpool and New York would in all probability force out a much larger turnover in yarn and cloth. Manufacturers remain well engaged completing existing contracts. Order lists are, of course, lighter than three months ago, but the bulk of the firms are fully engaged to the end of the year. Here and there some concern has been felt at the possibility of the dealers abroad and merchants on this side cancelling orders which were booked at the higher price level earlier in the year, through late delivery. So far, however, nothing has been heard of any such unfortunate happening. Piece-goods are moving steadily into consumption. Needless to say everybody is doing all they can to see that deliveries are made to time. Spinners of American yarns have done a fair business from day to day, and prices have been fully maintained. Aggregate sales have been slightly better and it is estimated that the turnover has equalled around 80 per cent. of production. In the Egyptian section, the feature of interest has been the raising of marginal selling rates under the legalised scheme by 5 per cent. This has been done to cover increased costs of production as a result of the higher wages for coal, mill stores, etc.

COTTON PRICES

		1937				Corresponding Date	
		Sept. 22	Sept. 29	Oct. 6	Oct. 13	1935	1936
Raw Cotton—Mid-American	per lb.	5.24	4.96	4.76	4.77	6.42	6.99
" Sakelariadis Fully Good Fair	per lb.	8.58	8.45	7.81	8.65	8.67	10.94
" Giza Fully Good Fair	per lb.	7.72	7.49	6.93	7.62	...	...
Yarns—32's twist	per lb.	12½	12½	12	12	10½	11½
" 40's twist	per lb.	11½	11	10½	10½	10½	11½
" 60's twist (Egyptian)	per lb.	17½	17½	17½	17½	16	16½
32-in. Printers, 116 yds., 16 by 16, 32's and 50's	s. d.	19 3	19 1½	19 0	19 0	7 6	18 6
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	s. d.	26 0	25 9	25 6	25 6	24 6	25 10½
38-in. ditto, 38 yds., 18 by 18, 10 lb.	s. d.	11 0	10 11	10 9	10 9	10 4	10 4
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.	s. d.	10 0	9 11	9 10	9 10	9 3	9 4

WOOL.—Bradford.—The past fortnight has not brought any improvement to the wool textile world; in fact, prices have fallen sharply in sympathy with other markets. At the present time there is a complete lack of confidence in the future, and until confidence returns there is not likely to be an improvement in demand and prices.

The centre of operations is overseas where the new clip is being marketed in Australia and South Africa, and this week cables announce easier prices with a complete lack of confidence. It is very significant and worth mentioning that good warp 64's tops have fallen in Bradford 8d. to 9d. per lb. during the past two months, and the bottom may not yet have been touched. Until the international economic and political outlook clears it is unlikely that there can be any marked improvement in the wool position. Spinners and manufacturers in the West Riding of Yorkshire are not enjoying anything like the same prosperity as a year ago. Very active preparations should now be in evidence for next spring season in new cloths, but many spinners and manufacturers are finding difficulty in running machinery, and in many cases a rather slack time is being experienced. Business generally is exceedingly slow.

GRAIN MARKETS

WHEAT.—Sentiment has undergone a marked change in the period under review and the market has developed an easier tone. Weak markets in North America, Russian selling pressure and reports of good rainfall in Argentina have been the principal causal factors. Meanwhile, there has also been some rainfall in Australia, but it is not known whether this has been sufficient to offset the effects of the recent prolonged drought.

On Wednesday last, "December" futures were quoted in Chicago at 97½ cents per bushel, against 106½ cents the week before and 104½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba (Atlantic), ex ship, 55s. 9d. per 496 lbs., against 57s. 6d. last week; No. 2 Northern Manitoba (Atlantic), ex ship, 54s. 3d., against 56s. 3d. last week. According to the *Corn Trade News* total shipments of wheat and flour last week amounted to 1,448,000 quarters, against 1,157,000

Two New Features for THE FINANCIAL NEWS

In response to the expressed desires of its readers for weekly reviews and comments on the major current developments in the Industrial and Financial fields, to supplement the detailed news and comment appearing daily, THE FINANCIAL NEWS this week is introducing two new special features. Saturday's and Monday's issues, respectively, will contain comprehensive editorial reviews of all the major events and developments in the Industrial and in the Financial-cum-Investment spheres. These new and important features will commence this week-end.

INDUSTRY

Every Saturday's issue will contain a full scale review of the important Industrial events and developments of the week. Sometimes, these will be matters which have been front-page news in the daily papers; sometimes, matters which, far-reaching though they may be, have gained no publicity or attention worth the name. In every case they will be put into their proper perspective, their industrial and investment implications noted, and their real meaning and importance assessed. Every article will take the reader beneath the surface of bare financial details and formal announcements, and show him the real trends and problems as they affect—and will affect—Industry and the City.

This review will be written for each Saturday's paper by our Industrial Editor.

FINANCE & INVESTMENT

The physical progress of industry is not everything—as the recent slump in Markets and break-down of City confidence has taught many people to their loss. Every Monday's issue will contain, under the title of "This Week and Last," a review of important topical matters in the general Financial and Investment fields. Market trends, the relations of Finance and Commerce, City topics and technicalities, and all the varied matters which every City man and every Investor is called upon to think about, will be dealt with from week to week. The review will look forward to the future as well as backward to the events of the past week, and will supplement the Industrial Review of the previous Saturday by seeking to put the Industrial scene in its financial perspective.

This review will be written for each Monday's paper by The Editor.

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OVERSEAS TRADE RETURNS

	IMPORTS (Value C.I.F.)		Month ended September 30		Nine Months ended September 30	
	1936	1937	1936	1937	1936	1937
I.—Food, Drink and Tobacco—						
A. Grain and Flour	5,923,429	7,112,073	46,596,432	65,448,552		
B. Feeding-stuffs for Animals	678,628	862,993	5,746,422	8,016,636		
C. Animals, Living, for Food	699,330	538,628	4,988,009	4,917,674		
D. Meat	6,550,009	6,910,384	59,066,581	63,876,527		
E. Dairy Produce	6,542,181	5,894,458	49,714,897	51,927,306		
F. Fresh Fruit and Vegetables	2,196,563	2,429,756	28,531,379	28,290,764		
G. Beverages and Cocoa Preparations	4,275,555	4,125,960	31,089,829	32,762,147		
H. Other Food	4,007,516	4,896,904	33,564,444	38,316,197		
I. Tobacco	1,978,411	3,291,317	10,067,354	9,355,043		
Total, Class I	32,880,732	36,122,477	270,167,137	302,930,766		
II.—Raw Materials and Articles Mainly Unmanufactured—						
A. Coal	1,802	1,774	24,755	19,779		
B. Other Non-Metalliferous Mining and Quarry Products and the like	378,387	468,675	3,137,752	3,891,880		
C. Iron Ore and Scrap	841,814	1,417,547	6,591,018	8,893,300		
D. Non-Ferrous Metalliferous Ores and Scrap	1,066,032	1,573,545	8,068,330	13,688,036		
E. Wood and Timber	5,431,039	7,828,948	30,106,935	43,160,300		
F. Raw Cotton and Cotton Waste	2,897,168	2,861,850	31,369,559	34,028,379		
G. Wool, Raw and Waste, and Woolen Rags	1,903,153	2,240,947	33,616,143	42,015,534		
H. Silk, Raw, Knives and Noils	160,008	269,885	1,385,721	1,575,878		
I. Other Textile Materials	670,933	530,398	7,769,745	9,659,329		
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums	2,121,463	2,579,491	21,642,990	26,888,648		
K. Hides and Skins, Undressed	1,528,159	2,296,088	13,808,496	19,596,298		
L. Paper-making Materials	1,001,851	1,367,011	8,578,558	10,790,256		
M. Rubber	336,209	1,452,656	5,532,560	9,009,115		
N. Miscellaneous Raw Materials and Articles mainly Unmanufactured	1,395,039	1,632,156	7,410,069	8,857,081		
Total, Class II	19,553,057	26,521,001	178,175,612	232,053,742		
III.—Articles Wholly or Mainly Manufactured—						
A. Coke and Manufactured Fuel	5,387	666	61,814	88,154		
B. Pottery, Glass, Abrasives, etc.	663,511	731,764	5,311,667	6,228,301		
C. Iron and Steel and Manufactures thereof	1,136,812	2,228,388	9,109,899	11,975,492		
D. Non-Ferrous Metals and Manufactures thereof	2,119,123	5,327,785	23,842,814	42,479,952		
E. Cutlery, Hardware, Implements and Instruments	570,216	646,281	4,968,619	5,710,878		
F. Electrical Goods and Apparatus	343,234	383,742	2,502,175	3,066,334		
G. Machinery	619,098	2,003,515	13,224,936	18,259,767		
H. Manufactures of Wood and Timber	585,165	771,455	5,566,657	6,201,741		
I. Cotton Yarns and Manufactures	259,740	310,024	2,015,137	2,490,472		
J. Woollen and Worsted Yarns and Manufactures	293,891	357,145	2,200,525	3,210,228		
K. Silk Yarns and Manufactures	247,051	239,033	1,918,357	1,953,656		
L. Manufactures of other Textile Materials	702,064	658,222	5,402,987	6,010,522		
M. Apparel	908,781	1,035,575	7,253,153	8,310,626		
N. Chemicals, Drugs, Dyes and Colours	1,190,251	1,235,037	9,167,565	9,998,408		
O. Oils, Fats and Resins, Manufactured	2,966,635	3,659,155	27,058,094	35,122,482		
P. Leather and Manufactures thereof	852,189	873,762	7,107,731	7,663,600		
Q. Paper, Cardboard, etc.	1,340,450	1,574,516	10,820,796	11,958,733		
R. Vehicles (including Locomotives, Ships and Aircraft)	240,599	428,262	3,565,735	4,819,997		
S. Rubber Manufactures	42,544	59,556	435,200	559,140		
T. Miscellaneous Articles wholly or mainly Manufactured	2,245,794	2,047,204	14,243,635	16,631,481		
Total, Class III	19,132,535	24,576,087	155,898,356	202,540,004		
IV.—Animals, not for Food	159,325	373,848	1,459,471	2,256,538		
V.—Parcel Post	189,836	215,753	2,278,413	2,106,678		
Total	71,895,505	87,309,168	607,978,989	741,887,728		

quarters in the previous week and 1,304,000 quarters in the corresponding week a year ago.

FLOUR.—Prices have eased on a continued quiet demand. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 40s. 6d. per 280 lbs., as against 41s. 6d. a week ago; delivered inner London, 40s., as against 41s. a week ago. Manitoba patents, ex store, 38s. 9d. to 40s. 3d., as against 39s. to 40s. 6d. a week ago. Australian, ex store, 32s. 6d. to 33s. 6d., as against 32s. 6d. to 33s. 6d. a week ago.

BARLEY.—The market in imported feeding barley has ruled steady, despite the weakness of other cereals. "October" futures were quoted at 64½ cents per bushel in Winnipeg on Wednesday, as against 65½ cents last week. Quotations per 448 lbs. in London on Wednesday were: "English feed," at farm, not quoted; "English malting" (new), at farm, 46s. to 65s., as against 46s. to 65s. a week ago; Californian, ex ship, 45s. to 58s., as against 45s. to 58s. a week ago. Chilean, brewing, ex ship, 45s. to 48s., as against 45s. to 48s. a week ago.

OATS.—On Wednesday, "December" futures were quoted at 29½ cents a bushel in Chicago, against 30½ cents a week ago and 30½ cents last month. Quotations in London, Wednesday: "English Black" (new), at farm, 27s. to 28s. per 336 lbs., as against 27s. to 28s. last week; "English White" (new), at farm, 27s. to 28s., as against 27s. to 28s. a week ago; mixed Canadian feed (Vancouver), landed, 26s. 9d. per 320 lbs., as against 27s. a week ago.

MAIZE.—The undertone of the market remains steady, although prices are a shade lower. "December" futures were quoted on Wednesday at 58½ cents per bushel in Chicago, against 61½ cents a week ago, and 63½ cents last month. Quotations in London, Wednesday: "Plate," landed, 29s. 6d. per 480 lbs., as against 30s. a week ago; "Plate," ex ship,

EXPORTS OF PRODUCE AND MANUFACTURES OF THE UNITED

KINGDOM (Value F.O.B.)

	Month ended September 30		Nine Months ended September 30	
	1936	1937	1936	1937
I.—Food, Drink and Tobacco—				
A. Grain and Flour	140,534	136,149	1,306,697	1,285,164
B. Feeding-stuffs for Animals	35,000	33,257	428,441	518,813
C. Animals, Living, for Food	93	197	2,471	95,510
D. Meat	84,328	103,352	724,518	770,949
E. Dairy Produce	116,944	120,892	991,278	914,276
F. Fresh Fruit and Vegetables	9,701	11,583	87,360	297,372
G. Beverages and Cocoa Preparations	1,133,825	1,351,982	9,070,094	11,172,733
H. Other Food	1,080,003	1,225,088	8,807,016	9,137,147
I. Tobacco	379,512	422,499	3,325,515	3,738,928
Total, Class I	2,959,940	3,414,819	24,743,387	27,930,892
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	2,611,045	3,544,684	21,475,123	27,471,041
B. Other Non-Metalliferous Mining and Quarry Products and the like	119,248	111,583	823,111	994,115
C. Iron Ore and Scrap	38,668	39,562	267,699	724,144
D. Non-Ferrous Metalliferous Ores and Scrap	171,290	263,623	1,544,525	2,536,284
E. Wood and Timber	7,754	9,250	70,272	77,113
F. Raw Cotton and Cotton Waste	87,022	78,223	631,060	799,995
G. Wool, Raw and Waste, and Woolen Rags	613,457	655,030	5,111,151	7,456,256
H. Silk, Raw, Knives and Noils	1,334	929	10,583	7,462
I. Other Textile Materials	42,954	57,229	381,506	466,556
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums	244,450	254,434	2,491,385	2,958,237
K. Hides and Skins, Undressed	86,711	88,276	1,321,335	1,404,926
L. Paper-making Materials	102,920	151,371	898,960	1,407,149
M. Rubber	10,154	30,228	131,053	307,246
N. Miscellaneous Raw Materials and Articles mainly Unmanufactured	127,804	154,060	1,926,476	2,052,371
Total, Class II	4,294,808	5,436,482	37,083,939	48,660,895
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and Manufactured Fuel	268,280	414,987	2,082,728	3,182,373
B. Pottery, Glass, Abrasives, etc.	734,316	837,332	6,365,275	7,371,810
C. Iron and Steel and Manufactures thereof	3,122,495	3,955,733	26,143,792	35,478,552
D. Non-Ferrous Metals and Manufactures thereof	995,764	1,279,581	9,176,551	11,455,463
E. Cutlery, Hardware, Implements and Instruments	681,156	888,675	5,945,149	7,124,100
F. Electrical Goods and Apparatus	846,350	1,098,155	7,121,288	9,026,841
G. Machinery	3,378,296	4,253,104	30,300,351	35,396,398
H. Manufactures of Wood and Timber	94,520	101,688	871,510	973,887
I. Cotton Yarns and Manufactures	4,959,619	5,683,241	45,248,872	52,313,919
J. Woollen and Worsted Yarns and Manufactures	2,787,977	2,982,630	24,367,550	27,627,077
K. Silk Yarns and Manufactures	111,502	129,436	908,617	1,112,093
L. Manufactures of other Textile Materials	1,460,798	1,769,399	12,686,362	15,485,448
M. Apparel	1,236,817	1,242,503	8,845,621	9,431,812
N. Chemicals, Drugs, Dyes and Colours	1,736,868	2,046,380	15,427,686	18,650,015
O. Oils, Fats and Resins, Manufactured	408,951	595,379	3,684,304	4,550,636
P. Leather and Manufactures thereof	349,882	454,745	3,030,150	4,048,759
Q. Paper, Cardboard, etc.	616,704	719,543	4,855,709	5,380,931
R. Vehicles (including Locomotives, Ships and Aircraft)	2,590,822	3,156,138	23,194,769	28,611,123
S. Rubber Manufactures	123,398	126,656	1,178,491	1,255,999
T. Miscellaneous Articles wholly or mainly Manufactured	2,315,219	2,738,384	18,194,816	21,368,678
Total, Class III	28,819,754	34,473,749	249,629,591	300,344,914
IV.—Animals, not for Food	71,387	83,730	755,952	578,437
V.—Parcel Post	844,848	854,298	7,879,290	8,136,846
Total	36,980,737	44,263,078	320,092,159	385,651,994

28s. 6d., as against 29s. a week ago; "Plate," "October," 28s. 3d., as against 29s. a week ago; yellow maize meal, ex wharf, was quoted at £7 10s. per ton, as against £7 12s. 6d. to £7 15s. last week.

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations for selected weeks in 1935-1937:—

Nearest Future	Jan. 2 1935	Dec. 31 1935	Oct. 14 1937	Dec. 30 1936	Oct. 6 1937	Oct. 13 1937
Winnipeg (No. 1, Manitoba) Cents per 60 lbs.	82½	84½	114½	129	128½	121½
Chicago (No. 2, Winter) Cents per 60 lbs.	98½	101½	116½	135½	106½	97½

The visible supply of wheat in Canada amounts to 74,135,000 bushels, against 74,858,000 bushels last week and 80,843,000 bushels in the corresponding week last year.

SALES AND PRICES OF BRITISH CEREALS.—The following table gives the estimated sale of home-grown wheat during the harvest years 1934-35 to 1937-38

	1934-35	1935-36	1936-37	1937-38
Estimated sales of home-grown wheat—				
1 week to October 9	Cwts. 547,666	Cwts. 495,987	Cwts. 306,492	Cwts. 409,570
6 weeks to October 9	3,158,013	2,915,023	2,173,893	2,254,092
Average price of English wheat per cwt.	s. d. 5 1	s. d. 5 11	s. d. 8 3	s. d. 9 3

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

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
October 7, 1933	Cwts. 392,971	Cwts. 458,285	Cwts. 64,316	s. d. 4 11	s. d. 10 7	s. d. 5 5
October 6, 1934	517,666	423,192	66,973	5 1	9 9	6 7
October 4, 1935	493,987	587,548	58,078	5 11	9 7	6 3
October 10, 1936	306,492	453,111	63,853	8 3	10 0	6 10
October 2, 1937	415,290	427,225	70,954	9 1	12 2	8 6
October 9, 1937	409,570	492,114	74,085	9 3	12 7	8 7

OTHER FOODS

BACON.—As foreshadowed a week ago, prices have now been reduced. The market is subsequently been quietly steady. The official quotations (per cwt. of No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 100s.; Canadian, 2s.; Danish, 99s.; against 105s., 100s., and 106s. last week. Arrivals in London last week included: Danish, 13,187 bales; Canadian, 3,929; Dutch, 2,337; Lithuanian, 1,799; and Polish, 3,342; as against 13,446, 4,025, 2,160, 1,929, and 3,973 bales, respectively, in the previous week.

BUTTER.—The tone of the market continues firm and Colonial butters are dearer than a week ago. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 134s.; Italian, choicest salted, 134s.; Danish, 140s.; compared with 130s., 1 and 140s., respectively, a week ago.

MESE.—The tone has been generally steady, though Dutch has been C demand. Quotations (per cwt.) on the London Provision Exchange Wednesday were as follows: English Cheddars, finest farmers, 90s. to 100s.; Canadian, finest coloured, 70s. to 72s.; and New Zealand, finest coloured, 69s. 6d.; against 90s. to 92s., 71s., and 69s. 6d. to 70s., respectively, a week ago.

COCOA.—The spot quotation in New York on Wednesday was 6½ cents lb., as against 6½ cents per lb. last week. In London, on Wednesday, good fermented new crop, Accra, "November-January," was quoted 28s. 3d. sellers per 50 kilos, c.i.f. Continent, against 29s. a week ago. Last week's movements of cocoa in London were as follows: Landed, 8 bags; delivered for home consumption, 5,222 bags; exported, 5,360 bags; stocks, 216,859 bags, against 152,892 bags a year ago.

COFFEE.—Demand in London has been on a limited scale this week. The New York spot market has been quiet, with prices unchanged. In Wednesday, Rio No. 7 (cash) was quoted at 9 cents per lb., in New York, as compared with 9 cents per lb. last week and 9 cents per lb. a month ago.

EGGS.—Demand has been checked by the recent advance in quotations, but prices are about unaltered. At Smithfield, on Wednesday, English ordinary packing, Grade I, about 15-15½ lb. realised 18s. 6d. to 19s. per 120, against 18s. 6d. to 19s. last week; while Danish (15½ lb.) made 4s. 6d. to 14s. 9d., as against 14s. 6d. to 14s. 9d. last week.

FRUIT.—Business at Covent Garden has not been particularly brisk, but all the leading seasonal lines are meeting a steady sale, says *The Fruitgrower*. A good inquiry for apples continues and prices for all the home grown varieties are steady. Imported supplies sell at easier rates in consequence of increased quantities. Pears sell well, but only moderate supplies are available. With heavier arrivals of imported descriptions, English house grapes are easier. Peaches, on the other hand, are limited. A fair showing of English walnuts is now on the market, but coconuts are in rather shorter supply. Blackberries are finishing. Oranges have eased in price owing to heavier imports from South Africa, while lemons are cheaper for a similar reason. Grape fruit, however, is not so plentiful and prices accordingly have a steadier tendency.

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WHOLESALE COMMODITY PRICES

UNITED KINGDOM: LONDON, October 13th

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

CEREALS AND MFAT				POTATOES—				WOOL—			
GRAIN, Etc.—				King Edward (per cwt.)				English Southdown, greasy, per lb.			
Wheat—	s. d.	a. d.		Other English.....	6	0	7	0	17	0	0
No. 2, N. Man. 496 lb.	54	3			4	9	5	0			
Eng. Gaz. av., per cwt.	9	3									
Barley, Eng. Gaz. av.	12	7									
Oats.....	8	7									
Maize, La Plata, land'd	29	6									
480 lb.....	29	6									
Flour, Lon. stan. ex mill,	38	9									
280 lb.....	38	9									
Rice No. 2 Burma, per cwt.	10	6									
MEAT—				SPICES—				Tops—			
Beef, per 8 lbs.—				Pepper, per lb.—	0	2	1	Merino 70's average.....	34		
English long sides.....	4	0	5	Black Lampong.....	0	2	1	64's.....	31		
Argentine chilled hinds	4	0	4	White Muntok.....	0	2	1	Crossbred 48's.....	23		
Mutton, per 8 lbs.—				Cinnamon—1st sort, per lb.	0	9		46's.....	22		
English wetbergs.....	5	4	6	Cloves—Zanzibar, per lb.	0	9					
N.Z. frozen.....	3	4	4	Ginger—per cwt.—	59	0					
Lamb, per 8 lbs.—				African.....	59	0					
N.Z. frozen.....	4	10	5	Jamaica, ord. to good	63	0	90				
Pork, English, per 8 lbs.	6	6	7	Malce.....	2	3	2				
OTHER FOODS				Nutmegs, 65's.....	1	1	1				
English..... per cwt.	100	0		SUGAR—				COAL—			
Irish.....	92	0	101	(Duty, 11/8 per cwt.)				Welsh, best Ad'ty ton	19	6	22
Danish.....	99	0		Centrifugals, 96", prpt.				Durham, best gas, f.o.b.	22	6	
Dutch.....	95	0		Shimpo, c.i.f. U.K. Cont.	6	5	1	Time	22	6	
HAMS—				B.W.L., crystallised	17	6	19	Sheffield, best house, at	22	0	24
Canadian.....	108	0	110	Java, white, c. & f. India				pit	22	0	24
United States.....	108	0		Oct-Dec.....	Nominal.						
BUTTER—				Refined—London—				IRON AND STEEL—			
Australian.....	134	0		Yellow Crystals.....	19	10	1	Pig, Cleveland No. 3, d/d			
New Zealand.....	134	0		Cubes.....	24	1	24	ton 101	0		
Danish.....	140	0		Crushed.....	22	4	1	Bars, M'brough.....	265	0	
CHEESE—				Granulated.....	20	3	21	Steel rails, heavy.....	202	6	
per cwt.	70	0	70	Home Grown.....	20	1	20	Tia plates..... per box	25	6	
New Zealand.....	69	0		TEA—				METALS—			
English Cheddars.....	90	0	92	Indian—per lb.—				Copper, Electrolytic, ton	51	10	0
Dutch.....	65	0	73	Pekoe.....	1	2	1	Sheets (strong).....	84	0	0
COCOA—				Pekoe Pekoe.....	1	2	1	Standard.....	45	12	6
(Duty, British grown,				Orange Pekoe.....	1	2	5	Lead, Eng. pig... per ton	19	10	0
11/8; foreign, 14/- cwt.)				Broken Orange Pekoe	1	2	3	Soft foreign.....	18	0	0
Accra, f.f. per cwt.	28	6		Ceylon—per lb.—				Spelter G.O.B.....	17	15	0
Trinidad.....	62	0	67	Pekoe.....	1	2	2	Tin—English ingots.....	225	0	0
Grenada.....	55	0	58	Broken Pekoe.....	1	2	1	Standard cash.....	224	10	0
COFFEE—				Orange Pekoe.....	1	2	2				
(Duty, British grown,				Broken Orange.....	1	3	2	MISCELLANEOUS			
4/8; foreign, 14/- cwt.)				TOBACCO—				CHEMICALS—			
Santos sup. c. & f. cwt.)	51	0		(Duty, 9/6-10/6 per lb.				Acid, citric, per lb., less 5%	1	0	1
Colombian, good.....	56	0	65	Empire growth, 7/5-				Nitric.....	0	2	0
Costa Rica, med. to good	62	0	90	8/4 per lb.)				Oxalic, net.....	0	5	0
East Indian.....	72	0	90	Virginia leaf.....	0	8	2	Tartaric English, less 5%	1	1	1
Kenya, medium.....	60	0	72	Common to fine.....	0	8	2	Alcohol, Plain Ethyl.....	12	0	1
EGGS—				Rhodesian leaf.....	0	9	1	Alum, lump..... per ton	8	10	8
English..... per 120	18	6	19	Nyasaland leaf.....	0	7	1	Ammonia, carb. ton	20	0	21
Danish.....	14	6	14	strips.....	0	9	1	Sulphate.....	7	6	7
FRUIT—Oranges—				East Indian leaf.....	0	7	1	Arsenic lump..... per ton	35	0	0
S. African..... boxes	9	6	14	strips.....	0	6	1	Bleaching powder, per ton	8	15	9
Brazilian..... boxes	9	6	11	TEXTILES				Borax, gran. per cwt.	13	6	
Lemons, Malaga..... cases	10	0	15	COTTON—				Do., powder.....	15	0	
Sicilian..... boxes	12	0	17	Mid-American..... per lb.	4	7		Nitrate of soda..... per cwt.	8	0	
Apples: Amer. (var.) bbls	12	0	23	Sakellandis, f.f.	8	65		Potash—Chlorate, net.....	0	4	0
" Australian..... boxes	7	0	9	Yarns, 32's twist.....	12			Sulphuric..... per cwt.	10	0	
Onions—				" 60's twist.....	17			Soda Bicarb..... per cwt.	10	0	11
Valencia, case.....				FLAX—				Crystals..... per cwt.	5	0	5
Egyptian, bags.....				Livonian ZK..... per ton	78	0	10	Sulphate of Copper, per ton	120	0	21
Grapes, Almeria, barrels				Pernau HD.....	76	0	77	CEMENT, best Eng Portland, d/d site,			
Grapefruit, Brazilian.....				Slanetz Medium..... 1st sort	85	0	88	London area, lute sacks, 11 to ton			
LARD—				HEMP—				(duty and credited at 1/6d. each) or			
Irish, finest bladders.....	70	0	75	Italian P.C..... per ton	88	0		paper bags 20 to ton (free, non-return-			
U.S..... per cwt.	66	0	67	Manilla, Oct.-Dec. "J2"	32	10		able).....			
These prices are for fuel oil for inland consumption—other than for use in Diesel-engined road vehicles—and do not include the Government tax.				Sisal, African.....	23	0	26	4-ton loads and upwards 39/- per ton			
				JUTE—				1 and up to 4-ton loads 41/- per ton			
				Native 1st mks..... per ton				COPRA—			
				c.i.f. H.A.R.B.....				S.D. Straits c.i.f., per ton	15	8	9
				Oct.-Nov.....	£21/2/6			DRUGS—			
				Daisee 2.3 c.i.f. Dundee	£20/2/6			Camphor.....			
				Oct.-Nov.....				Japan, refined..... per lb.	2	4	
				SILK—				Ipecacuanha..... per lb.	8	0	8
				Canton..... per lb.				HIDES—			
				Tussock.....				Wet salted—Australian			
				Japan.....				per lb.	0	6	1
				Italian—raw, fr. Milan.....				West Indian.....	0	5	0

UNITED STATES

New York quotations unless otherwise stated

	Oct. 14, 1936	Sept. 15, 1937	Oct. 6, 1937	Oct. 13, 1937		Oct. 14, 1936	Sept. 15, 1937	Oct. 6, 1937	Oct. 13, 1937
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	116½(b)	102(c)	106½(b)	97½(b)	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	3-35	3-45	3-20	3-15
Maize, nearest future, Chicago, per bushel	95½(b)	105½(c)	61½(b)	58½(b)	Cotton, middling, spot, per lb.	12-45	9-21	8-35	8-78
Oats, nearest future, Chicago, per bushel	41½(b)	31(c)	30½(b)	29½(b)	Rubber, smoked sheet, spot, per lb.	16½	18½	16½	16½
Rye, nearest future, Chicago, per bushel	83½(b)	79½(c)	77½(b)	72½(b)	Petroleum, Mid-continent crude 33 deg., to 33-90, at well, per barrel	104	116	116	116
Barley, nearest future, Chicago, per bushel	81½(b)	(a)	(a)	(a)	Copper, "Electrolytic," Domestic, spot, per lb.	9-72½	13-42½	11-65	11-57½
Coffee, Rio No. 7, cash, per lb.	7½	9	9	9	Copper, "Electrolytic," Export, prohipt, per lb.	9-95	13-65	11-87½	11-80
" Santos No. 4, cash, per lb.	9½	11½	11½	11½	Spelter, East St. Louis, spot, per lb.	4-85	7-25	6-25	6-25
Cocoa, Accra, nearest future, per lb.	7-87	8-15	6-27	6-07	Lead, spot, per lb.	4-65	4-50	6-00	6-00
	(a) Nominal		(b) December futures	(c) September futures.	Tin, "Strait," spot, per lb.	44-55	59-87½	54-37½	51-50

THE ECONOMIST

Vol. CXXIX

OCTOBER 23, 1937

No. 4913

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Italy's Last-Minute Offer

THE fear that the wrangle over Spain might at any moment drag the Great Powers into active intervention has hung like a pall over the Chancelleries of Europe during the last two weeks. On Wednesday, the fear was, for the moment at all events, dissipated. Reaction from this state of tension was largely responsible for the sharp recovery in the stock markets, which had fallen into a state bordering on panic; and for the relieved tone which marked even the Opposition speeches in Thursday's debate in the House of Commons. It is sincerely to be hoped that this optimism is justified; and it is, indeed, not altogether impossible that in the sequel this third week of October may prove to have been the turning-point in the miserable story.

But it is never safe to count chickens before they are hatched. Beneath all the diplomatic phrases, the realistic clash of policies in the Spanish affair has been between SIGNOR MUSSOLINI's desire to see Spain controlled by his nominees and the desire of France and Great Britain to keep Spain out of the DUCE's orbit. It is just possible that this week's events are the first sign of SIGNOR MUSSOLINI's willingness to compromise on this basic issue, or at least to remain in a position which does not exclude compromise. If so, it is a portent which the whole world will welcome.

It must, however, be admitted that the proceedings at the Non-Intervention Committee would lend equal colour to the opposite view that SIGNOR MUSSOLINI is merely playing for time without modifying his ultimate determination. The chairman's sub-committee has held three meetings, on Saturday, Tuesday and Wednesday. On Saturday the French representative, with the support

of Great Britain, put forward the latest of the plans for keeping alive the unlovely compromise of Non-Intervention. The salient points of this plan were an immediate "token withdrawal" of volunteers from each side in Spain, "account being taken of the disproportion between the number of effectives serving on either side"; the appointment of commissions to organise a complete withdrawal; the grant of belligerent rights when this withdrawal was sufficiently advanced; the rein

the Committee should consider the French plan or the very similar British plan of last July. No progress whatever was made on the central difficulty: whether belligerent rights should be conceded before or after the start of the withdrawal of volunteers. When the Committee adjourned the feeling was general that the final deadlock was at hand.

On Wednesday morning, however, there was a dramatic change. COUNT GRANDI, with German concurrence, offered a concession. His speech was in studiously unprecise terms, but no objection was offered to MR EDEN'S summary of it as agreeing to the following time-table: "token" withdrawals; a report by a Commission on the number of volunteers in Spain and on the technical methods of evacuating them; withdrawal proper; and, in the course of withdrawal, grant of limited belligerent rights. It is not yet quite certain as we go to press whether this is exactly what has been agreed, for it is reported from Rome that the exact timing of the grant of belligerent rights is still a difficulty, while all that DR WOERMANN, the German representative on the Committee, said was that there was no need to discuss the matter until after the "token" withdrawal. But if this obscurity can be satisfactorily removed, the position is that the British plan of July, including its much-disputed time-table, has now, three months later, been accepted by all the Powers, with the possibly significant exception of Russia, on whose behalf M. MAISKY announced that he would have reservations to formulate in due course.

Wednesday's decision by SIGNOR MUSSOLINI has been greeted as a welcome concession. And so it is if his words can be taken to mean what they say, for in that case the way would seem to be open for the withdrawal of volunteers and the return of Spain to the Spaniards. But experience compels a certain scepticism. Words, as we have

discovered, can have one meaning in English and another in Italian. Moreover, even their Italian meaning seems to have the capacity of fading in the course of time. (What, for example, has happened in the last month to COUNT CIANO'S disavowal of any intention of sending further volunteers to Spain?). It is possible that SIGNOR MUSSOLINI is in earnest. The announcement this week of a levy of 10 per cent. on the capital and reserves of Italian joint-stock companies and the introduction of "war bread" have lifted one corner of the veil from the very serious economic and financial situation which faces the DUCE within Italy. But until words are made good by deeds many of his more obstinate critics will wonder if his concession (which could have been made three months ago) is not one more manoeuvre to gain time, to keep the Franco-Spanish frontier closed, to keep Britain and France tied to non-intervention while General Franco is helped to victory by the Italian army in Spain.

So long as there is a possibility of SIGNOR MUSSOLINI'S sincerity, his overtures should not be rejected. But the test of his sincerity now is a matter of time. If the Commission reports quickly and genuine withdrawal starts before many weeks are past, well and good. But the French and British Governments should be very keenly on guard against any unnecessary delay. Procrastination will be a sure sign of insincerity, and it should be answered by the resumption of full liberty of action. MR EDEN, speaking in the House of Commons on Thursday, showed himself at least verbally conscious of this imperative necessity. He emphasised that progress must be made within the next few weeks. And he repeated the distinction he drew at Llandudno between non-intervention in the Spanish war and indifference to its result. The best chance of deriving the greatest benefit from this eleventh-hour opportunity is to hold the British Government firmly to these words.

Trade and Politics

PARLIAMENT this week has re-assembled, debated the international situation and been prorogued. The session which bore the unique title "1 Edw. 8 & 1 Geo. 6" is dead, and its successor is to be inaugurated by a State opening on Tuesday. The division of the legislative year is of more than usual significance this time. For the Parliament elected in 1935 is reaching its watershed. Two years old, it has, at the very most, only three, and more probably only two, years still to live. Moreover, this stage in its career, when the memory of the last General Election is becoming less distinct than the anticipation of the next, appears from all the available signs to be about to coincide with a change in the economic outlook of the country. Beyond doubt, the new session will be a turning-point.

At the moment the Government's prestige is still very large and its position very strong. If a General Election were called to-day it is probable that the Government would win at least as many seats as in 1935. There would not seem to be the slightest possibility of Labour being returned to power. Indeed, it would be necessary to search a long way back into political history to find a Cabinet which, in the middle of its second consecutive Parliament, was as firmly in the saddle as this one.

Much, nevertheless, can happen in two or three years. Leaving aside the eventuality of war (this grim proviso has nowadays to be attached to all speculations about the future), there is the possibility, not to say the probability, of a recession in trade. We attempted last week to assess the immediate economic prospect. There is plenty of dispute among the prophets about the probable severity of the next depression and the probable moment

of its incidence. But it would be foolhardy in the extreme to deny the probability of a setback of some degree occurring at some time in the next three years. Before the General Election the Government will almost certainly be faced with the necessity of explaining away a mounting total of unemployment.

This prospect has an important political bearing, for the fortunes of governments nowadays are very intimately affected by economic conditions. To-day, although unemployment is considerably larger than in 1929, there is nevertheless a far more widespread recognition of prosperity than there was in that year, when the Government in office was defeated on the economic issue. The comparison in the average voter's mind is not with 1929 but with 1931-32, and it is undeniably favourable. Economic conditions are very much better than they were when the present Government took office, and the Government inevitably derives a great deal of its support from the fact. There is room for endless argument about the parts which the Government's merit and its good fortune have played in producing this result. But in politics *post hoc ergo propter hoc* is not a fallacy; it is the foundation of all wisdom. Whether by merit or good fortune, the National Government has come to be associated in the public mind with rescue from crisis and with steady industrial recovery. The Conservative Party has not hesitated to capitalise this public conviction; Ministers have taken personal credit for recovery; they have deliberately made the employment figures their main party asset. If in the future they suffer from the tendency of the electorate to hold its rulers responsible for the trade cycle, they will have

only themselves to blame for having encouraged such an idolatrous belief in their supernatural powers.

The most recent example of an English-speaking political part which nailed its colours with equal confidence to the prosperity mast is that of the Republican Party in the United States. PRESIDENT COOLIDGE escaped from office, like LORD BALDWIN, while business was still active and prosperous. His Cabinet colleague and successor, MR HOOVER, encouraged the belief that his own continuance in office was the surest guarantee against depression, and in the election of 1928 the electorate virtually declared the Opposition unfit to govern. But the rest of the story is hardly comforting to those Conservatives who would accept the parallel; for the fate of PRESIDENT HOOVER is a political byword.

The strategists of the Conservative Party must, if they are realists, already be considering how to adjust their programme to a period of recession. Hitherto Ministers have adopted the not altogether prudent line of denying that a recession is at all likely while they remain in office, and even of rebuking those who are under no similar obligation to prefer optimism to balanced judgment. It is arguable that it is the duty of Ministers to radiate optimism. But it would surely be more productive of confidence if the Government, instead of dismissing the whole possibility of a decline, were to declare that they were ready with plans to halt it at the first sure sign of its approach. But even this much sounder policy is largely prohibited to the present Government. They cannot boast of their preparedness unless their plans have been laid, and none of the specifics which they prescribed in execution of their doctor's mandate six years ago is applicable to present circumstances. Balancing the Budget is almost an impossibility. Depreciation of sterling (which, by a queer trick of political memory, has become one of the Government's achievements) can hardly be tried a second time without immediate and severe reprisals and ensuing chaos. There is no gigantic conversion operation available now to bring about a dramatic fall

in rates of interest. Increases of tariffs would run counter to all the language which the Government have been talking about freer trade, and not even the protectionists advocate further restriction as a means of heading off a recession in trade. The Government's bolts are shot.

There is a striking unanimity among economists on the desirability of preparing plans for public works; even those who are least disposed to accept the theory of public works in its unqualified entirety agree that in present circumstances—or, more accurately, in the circumstances which would arise if unemployment were now to increase—the case for them is very strong. But public works are the one thing against which the present Government has persistently hardened its heart (unless, of course, they are weapons of destruction). A change of heart is not impossible; but it is likely to be a gradual process and to take considerable time even after it becomes clear that the next depression has arrived.

It is thus by no means impossible that the opening of the new session finds the Government at the peak of their popularity. It is, of course, to be hoped that the inevitable recession of trade will be delayed—a wish which only the most perfervid partisan will disown—but whenever it comes the Government may be in a difficult position to defend itself against the automatic loss of popularity which goes with mounting unemployment. How strongly the tide will flow against it depends not least upon the statesmanship of the Opposition. If Labour meets an economic crisis with immoderate or confiscatory proposals, the net effect might well be to stampede the great mass of middle-class voters into the arms of the Conservatives. Thus it is not only the Government whose capacities will be severely tested in the remainder of the life of the present Parliament. British politics will not return to reality until the Opposition can meet the Government on equal terms. Distant though the prospect of that happening seems to-day, it is not beyond the power of economic forces to bring it about.

World Economic Prospects

NOT many months ago the rapid advance of world industrial activity, trade, and prices aroused anxiety lest the movement should pass beyond control. Since last summer, however, expansion has lost momentum, and public opinion, in Great Britain and elsewhere, is now concerned rather with the opposite possibility of a renewed slump. The time is obviously opportune for a survey of the progress of recovery since 1932 in the world as a whole and in individual countries. Under what conditions has recovery been achieved? And what tendencies are likely to influence world production, trade and prices in the near future?

The material necessary for an informed answer to these questions has been brought together in an admirable fashion in the League of Nations' latest report on World Production and Prices and in the League's World Economic Survey for 1936-37.* The extent of recovery in the world as a whole is illustrated graphically in the first of the two charts overleaf, which is based on indices calculated by the League of Nations. The index of primary production includes crude foodstuffs and raw materials of agricultural and non-agricultural origin. The figure for stocks of primary products comprises twenty-four foodstuffs and raw materials included in the index of production. The index of world industrial production includes the U.S.S.R. The volume of inter-

national trade is calculated by adjusting values by means of an index of prices.

In any appraisal of the extent of world recovery a sharp distinction needs to be drawn between primary and industrial production on the one hand, and international trade on the other. By 1936 the world's primary production had again reached, and its industrial production had considerably surpassed, the pre-depression level. But the volume of international trade was still 13½ per cent. smaller than in 1929.

The divergence in the rate of recovery between primary production and manufacturing activity is due, in a large measure, to technical differences in conditions of supply. While manufacturing operations normally respond fairly rapidly to changes in demand, at the cost of unemployment of men and machinery during depression, the output of primary products, such as crude foodstuffs and raw materials, cannot readily be adjusted. The area under crops, for example, can be varied only from year to year. Moreover, reductions in prices frequently lead not to immediate curtailment but to an increase in acreage when farmers offset lower unit prices by increased sales. Until the last depression the same tendencies were noticeable in the output of certain important raw materials, like non-ferrous metals. Consequently, the decline in the output of primary products was much less marked than in that of industrial activity, and this tendency helped to bring about an accumulation of unsold stocks and a collapse of prices. Conversely, during the recovery

* "World Production and Prices, 1936-37." 136 pages. ss. net. "World Economic Survey, 1936-37." 261 pages. 6s. net. Allen and Unwin, London.

movement, manufacturing activity increased much more rapidly than the output of primary products. Part of the increased demand for these products was met from stocks, which, by the end of last year, were actually 10 per cent. lower than in the period immediately before the depression.

The relatively small improvement in the volume of international trade achieved in 1936 needs no special explanation. But apart from the many impediments to an expansion of international intercourse, foreign trade normally does not gather momentum until the later stages of recovery. By that time the rise of prices of primary products has percolated to primary producers, and the tendency of production to approach the limits of its capacity encourages a greater interchange of manufactures between industrialised countries.

A comparison of the League's figures shows how far these forces have carried the world along the road to recovery. But while the volume of world production has regained its pre-depression level, the extent of the improvement in individual countries has been anything but uniform. This is revealed by our second chart, which is based on the indices of industrial activity for the principal nations. In Japan and Russia, it will be seen, the volume of industrial activity last year was far higher than in 1929. The United Kingdom and Germany were also producing at a higher rate than ever before. In France and the United States, however, industrial output

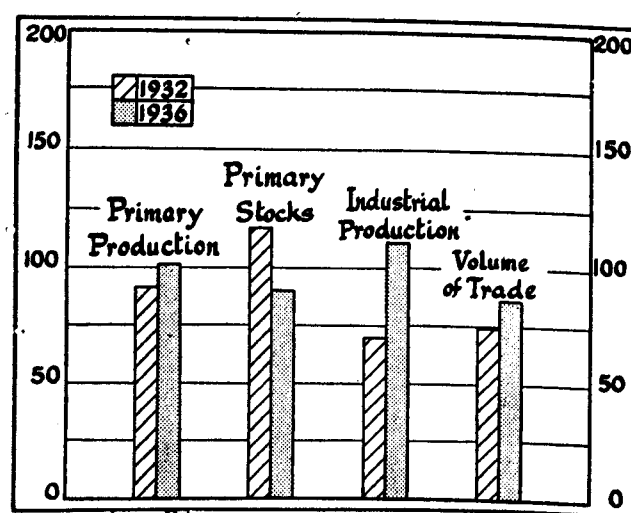
regions are still far from satisfactory. Mr J. B. Condliffe asks pertinently, in the League's World Economic Survey, whether the expansion in world economic activity is likely to be checked by the necessity for making adjustments in countries where recovery has developed into something approaching boom conditions, or whether there is any likelihood of an extension of international economic co-operation which will spread prosperity more widely.

At the moment opinion is divided on these fundamental questions. The recent behaviour of the commodity and security markets in many countries seems, to some commentators, to herald a recession in general economic activity, but few serious economists have threatened a long-suffering world with another major slump. Actually, despite the uneven progress of recovery so far, the present economic position of the world differs fundamentally from that obtaining in 1929.

In the first place, the position of primary producers and countries exporting raw materials and crude foodstuffs is much stronger. For example, there has been no such accumulation of stocks as occurred between 1927 and 1929, when the prices of primary products were falling consistently. Moreover, the difficulty of bringing about a rapid adjustment between supplies of raw materials and demand for them has been partially overcome by the inception of control schemes, though this factor, naturally, applies much more to metals than to crop

WORLD PRODUCTION AND TRADE

1929=100



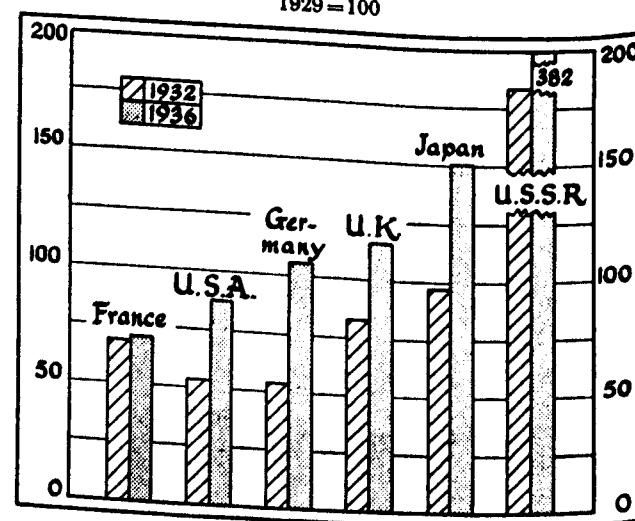
in 1936 was still a good deal less than in 1929. Among the smaller countries industrial activity was greater last year than before the slump in Denmark, Estonia, Finland, Greece, Hungary, Latvia, Norway, Roumania, and Sweden. It was less, however, in Austria, Belgium, Canada, Italy, Holland, Poland, and Czechoslovakia.

The reasons for these differences are not far to seek. The countries which have shown most progress are mainly those which early joined the sterling area and pursued an expansionist monetary policy. In the countries of the former gold bloc recovery was delayed. In the United States it was hampered between 1932 and 1935 by social legislation which restricted profits, capital investment and industrial activity. After the adjustment of the cost structure, however, recovery made rapid headway. In France, where the depression was prolonged by an attempt to maintain the gold value of the franc, the improvement which was expected to follow the suspension of the gold standard last autumn has not so far been impressive. As in the United States, social legislation has raised costs and impaired profit margins.

Perhaps the most striking aspect of the recovery hitherto achieved is its uneven character. The world as a whole has emerged from depression, but conditions in certain branches of activity and in certain geographical

INDUSTRIAL PRODUCTION IN LEADING COUNTRIES

1929=100



products, which have provided some of the most conspicuous failures among control schemes. Even now, the prices of most raw materials and crude foodstuffs—with cotton the most notorious exception—remain fully profitable to producers.

A second important difference between conditions today and in 1929 is that industrial expansion in a number of countries, including the United States and France, has not as yet been accompanied by excessive capital investment. Nor are international debtor and creditor relationships in the state of chronic disequilibrium that they were eight years ago. All this does not exclude the possibility of a minor industrial recession, but it increases the unlikelihood of a catastrophic setback. Finally, a slowing down of activity in one country is unlikely to spread to other countries as rapidly as it did in 1929, when the currencies of the world were linked up by fixed gold parities and when contraction of activity in one automatically caused a slowing down in all the others. Thus, provided the world can avoid a serious break in political conditions (which are obviously much less promising than they appeared to be at the end of the 'twenties) there is every reason to hope that the next recession will not usher in a major slump of anything like the dimensions of 1929-32.

Slump in Lead and Spelter

LEAD and spelter have taken a fully representative part in the bacchanalian revels of the metal markets this year, with their typical sequence of inebriation, reaction and sheer depression. As recently as 1934, the London price of lead averaged £10 18s. 8d. per ton. In 1937, the price opened at £27 2s. 6d., rose to £36 7s. 6d., and last Thursday stood at £18 6s. 3d. The price of spelter averaged £13 13s. 2d. in 1934, opened at £19 18s. 9d. this year, touched £37, and now stands at £17 7s. 6d. Last Tuesday, selling of spelter on the London Metal Exchange was particularly heavy, some 3,000 tons being dealt in at the morning session alone. It is pertinent to ask why the range of prices this year has been so wide, and whether the omens promise a period of less distressing fluctuation in the near future.

The answer to the first question can be readily stated. The extraordinary rise in lead and spelter prices earlier this year was primarily due to widespread fears of an early shortage of supplies. The subsequent slump has resulted from disappointment over the absence of the expected shortage, coupled with the fact that large-scale bull speculation left the market in a vulnerable technical position. The answer to the second question is more difficult to discover on a short view, but can be stated with reasonable confidence on examination of the statistical background of the two metals.

Since the beginning of economic recovery in 1933, the consumption of lead and spelter has risen more rapidly than production. In the four years from 1933 to 1936 inclusive, the world's lead smelter output, according to the Metallgesellschaft estimate, totalled 5,321,800 metric tons. Consumption during the same period, at 5,606,200 metric tons, exceeded production by 284,400 metric tons. The same authority puts the world's smelter output of spelter in that period at 4,969,900 metric tons, and consumption some 107,500 metric tons above it, at 5,077,400 metric tons. These figures reflect increased demand from the automobile, building, electrical and armament industries, and in the case of spelter, the die-casting industry. During these years consumption increased more rapidly outside than inside the United States. In 1936, indeed, extra-American consumption (as is shown by the table on this page) reached a new record for all time, and exceeded the high level of 1929 by a handsome margin. In the United States, on the other hand, consumption recovered strongly from the depression of 1932, but remained last year well below the level of 1929. Naturally, the rising trend of consumption has had decisive repercussions on the development of new production, but these have been complicated and intensified by the fact that, as a market, the United States is more or less isolated from the rest of the world. Extra-American producers and smelters have made strenuous efforts to adapt their capacity to the increased demand. In the case of spelter, these efforts were so far successful that last year production had fully caught up with consumption; but in that of lead they were insufficient to enable supply fully to overtake demand.

During the first seven months of this year, however, the ability of producers of both metals, outside America, to meet all the requirements of consumers, with a fair margin, has been convincingly demonstrated. Extra-American consumption of lead (according to the American Bureau of Metal Statistics) increased by 6 per cent. and spelter consumption by 7.9 per cent. But the smelter output of lead (according to the Metallgesellschaft) rose in the first eight months by 14.6 per cent. and that of zinc by 9.5 per cent. The production figures for August were respectively 21.7 and 15.0 per cent. higher than those of August, 1936. Now, an appreciable part of this increase in output has come from countries whose costs of production are high. It has been directly stimulated by the high prices of the latter part of 1936 and the first few months of 1937. Its continuance depends not only on a continuance of these high prices, but also on the maintenance of a considerable volume of world consumption. If the latter condition is satisfied, there must be a bottom to the present slump in prices—and, quite possibly, there may be an early recovery. For the present level of demand can only be met if prices are sufficiently attractive to bring out supplies from the high-cost countries. And under present conditions this probably means a minimum price of £20 for lead and spelter alike. So far as countries outside the United States are concerned, therefore, the key to the problem of future prices seems to be the ability of trade and industry to maintain the present level of activity.

Dependence on general economic contingencies is even more direct in the American market. Here, in contrast to other countries, reliable estimates of stocks of the two metals are available. As a result of the relative unresilience of American production this year, stocks have declined heavily. America's present supply of lead is equivalent to less than two months' consumption, and that of zinc to only five days' consumption.

These figures are undoubtedly low, but it would be dangerous to deduce from them the likelihood that America will become a substantial importer of the two metals in the near future. Her reserves of capacity which can be brought into production are substantial.

The number of zinc retorts in operation at the end of August was 50,163, against 40,285 as recently as last January. The August figure was the highest since 1929. Simultaneously, the chief spelter mining districts in the United States are reporting an increase in their ore supplies. Thus, a substantial improvement in zinc output may be expected by the time the normal seasonal rise in consumption occurs, early next year. And every fall in prices increases the deterrent effect of the present specific duties on imports.

Altogether, the evidence suggests that prospects of a striking recovery in lead and spelter prices are unimpressive, unless consumption shows a new and unexpected rise. A moderate revival, however, may be recorded if the present rate of consumption can be maintained in the world outside America.

LEAD AND SPELTER				
(Metallgesellschaft figures : in thousands of metric tons)				
	1929	1932	1935	1936
LEAD				
Production				
U.S.A.	649	253	297	365
Rest of world	1,090	899	1,074	1,102
World total	1,739	1,152	1,371	1,467
Consumption				
U.S.A.	657	250	351	444
Rest of world	1,045	853	1,103	1,135
World total	1,702	1,103	1,454	1,579
SPELTER				
Production				
U.S.A.	567	188	382	446
Rest of world	890	595	956	1,026
World total	1,457	783	1,338	1,472
Consumption				
U.S.A.	528	187	415	492
Rest of world	912	650	959	1,017
World total	1,440	837	1,374	1,509

Violence in Palestine

THE period of comparative calm in Palestine and of comparative hopefulness that a solution of the country's problems could be found on the basis of partition has been rudely ended in the last few weeks by a renewed outbreak of Arab outrages. Violence, indeed, never entirely ceased, but until recently it was legitimate to hold that it would not again reach the dangerous proportions of last year. Moreover, the fact that a definite plan of settlement had been evolved by the Royal Commission, accepted in principle by His Majesty's Government and at least not disapproved by the League of Nations, made it possible to disregard the continuance of minor disorders without incurring the criticism so strongly and rightly expressed by the Commission against the planless optimism of the authorities both in Jerusalem and in Downing Street before last year's rebellion.

Such forbearance is no longer possible. Indeed, it must now be recognised that since the end of July the disorders have been *crescendo*. It may also be suspected that the movement has been organised and designed from the beginning with a view to sabotaging any settlement that does not allot to the Arabs the whole of the Palestinian loaf in lieu of the proffered four-fifths.

The new series of outrages began with sporadic Arab attacks—some of them murderous both in design and in result—against fellow-Arabs whose offence was a supposed treachery, or in some cases no more than a lukewarmness, towards the national cause. These attacks soon extended to Jews, and there was a sharp deterioration in the atmosphere in Palestine after the passage, on February 8th, of a resolution rejecting the Royal Commission's plan by an Arab congress which was in session, outside Palestine, at Bloudan, near Damascus. On September 24th two Arab landowners—accused of having sold, or having contemplated selling, their land to the Jews—were murdered near Nazareth and Acre respectively. And at Nazareth on the 26th the district commissioner for Galilee and with him a British police constable were murdered at the door of a church.

It is perhaps no accident that the scenes of all these four murders lay in the principal Arab-inhabited districts which the Commission has suggested incorporating into the proposed Jewish State. On October 1st the Government of Palestine replied by dissolving the Higher Arab Committee, deporting four of its leaders, and dismissing the MUFTI of Jerusalem from both the presidency of the Palestinian Muslim Supreme Council and the chairmanship of the General Waqf Committee. The first effect of these disciplinary measures has been inflammatory. On the night of October 14th-15th a force of seven carloads of British police was ambushed between Bethlehem and Hebron when they were on their way to evacuate British women and children from Hebron to Jerusalem. During the week-end there were a number of fresh cases of shooting and incendiarism. And simultaneously it became known that the MUFTI—who, since his deposition from his two other offices, had taken sanctuary in the Haram-ash-Sherif in order to make sure of avoiding arrest—had escaped in disguise by sea from Palestine into the Lebanon. He is under surveillance there by the French authorities, while discussions proceed between Paris and London about the disposal of his somewhat embarrassing person. Except for there being no strike, the situation in Palestine has unmistakably reverted to what it was last year. The Arab population is in a state of virtual revolt again. How does this grave fact affect British policy?

Fortunately, we are not without experience to guide us; for the situation in which we now find ourselves in Palestine has much in common with the one through which we have already passed in India. And the moral of the Indian precedent is plain. The one hope of a happy issue out of present afflictions lies in pressing on steadily with the plans that we have in hand. If our opponents' tactics are sabotage, our tactics must be counter-sabotage. If our opponents dread to see our plans carried out, that must be because they expect that the Commission's scheme will take the wind out of their own sails if once it is fairly launched. And this, after all, is just what we believe ourselves. The reason why both the public and the Government in this country have overcome their aversion to partition and put themselves behind the Commission's scheme is because they think that it promises to give both the Arabs and the Jews the substance of what they each need. If this is our conviction, then our policy must be to put the plan into effect as quickly as possible without allowing ourselves to be diverted from our course.

What, in the changed circumstances, should be the next step in this programme? Hitherto we have been hoping to secure in advance the concurrence of both the Jews and the Arabs in an application of the scheme which was to be worked out on the spot by negotiation between representative Jewish and Arab bodies and a new Royal Commission. This would be the ideal procedure; but it is also in our power, if we are driven to it, to demarcate the proposed three areas by ourselves; to inaugurate a new mandatory regime in the residue of the mandated territory; and to hold ourselves ready to hand over authority, in the areas respectively earmarked for a Jewish and for an Arab State, to any national authorities who can demonstrate their ability to establish and maintain an effective national government there.

If we press on to this point, we can be sure of seeing a Jewish national State in being before long. There is no difficulty about finding representative Jewish leaders or assuring ourselves that they will be able to fulfil all the functions of government—except one; and here is the crux; for the function which no Jewish Government can perform for the proposed Jewish State out of its own resources is to make provision for defence. A Jewish State in Palestine will have to be defended by British bayonets unless it can reach a friendly agreement with an Arab State in its hinterland.

It will, therefore, in any case be necessary, either before or after the inauguration of partition, to secure an agreement with some accredited representative of the Palestine Arabs. If the MUFTI and his friends decide, as is likely, to remain intransigent, this necessity may prove awkward. Fortunately, however, there is another alternative. We might invite the Governments of the Arab States—Saudi Arabia, Egypt, Iraq, Transjordan—to act as the representatives of the Arab nation. They all have interests in Palestine in addition to their natural sympathy with their co-religionists. It is very probable that beneath this sympathy they have a strong desire, in the interests of their own security, to see a permanent settlement in Palestine, and it would be difficult for the Palestine Arabs to hold out against any local arrangement endorsed by the Arab kings. It is by no means impossible that the key to the whole perplexing problem can be found by an earnest effort to take the counsel and secure the approval of these independent and responsible Arab States.

Notes of the Week

Climactic Markets.—The recent declines in the Stock Exchanges and commodity markets, which were already startling enough, reached what we may hope is at least their temporary climax early this week. Wall Street was again the ringleader. There was a very sharp fall on Monday, carrying the averages down by more than ten points, and the turnover of securities was very large. This, however, was eclipsed on Tuesday morning when in two hours the volume of transactions exceeded that of the whole of Monday and there were further collapses of prices. At noon on Tuesday, however, there was a sharp rally which has continued since. The commodity markets, especially those in copper, tin and rubber, were weak in sympathy, and the London Stock Exchange, which has kept its equanimity very well, had some anxious hours on Tuesday. All these developments are discussed in detail elsewhere. Do they provide any reason for modifying opinions on the general economic outlook? In a leading article last week we reached the conclusion that some recession in trade was probable in Great Britain and possible in the world at large, but that there was no reason to anticipate another depression and world crisis like the last. But prices such as those which have been quoted in Wall Street this week can be justified only on the assumption of a slump fully as severe as the last. Can the markets be so badly wrong? The wise man will admit the possibility of a severe slump. But he will also refuse to allow his reading of the fundamental economic facts to be affected by a market panic. This week, as last week, it is undeniably true that basic economic conditions are very much sounder than they were in 1929. On the other hand, every collapse in the markets undermines confidence still further. If we get to the stage when economic fears and political anxieties reinforce each other and each swells without regard to any factor except the other, basic economic conditions will cease to be relevant. But that stage is a long way off yet. For the moment it is hardly possible to resist the conclusion that the markets have greatly exaggerated the unfavourable factors in the prospect. It is only if the exaggeration continues that the possibility of its converting itself into reality will arise.

The Far Eastern Conference.—The move made at Geneva for international action to deal with the Sino-Japanese conflict has rapidly fructified. On the 15th it was announced at Brussels that the Belgian Government had decided to invite the parties to the Washington Nine-Power Treaty to meet in conference in the Belgian capital at an early date. The Belgian invitations—sent out "at the request of the British Government and with the approval of the Government of the United States"—have now been issued for the 30th of this month. Portugal and Italy have rather surprisingly decided to attend, and the chief American delegate is to be Mr Norman Davis. The object of the conference, as stated in the letter of invitation, is "to examine the situation in the Far East and to study peaceable means of hastening the end of the regrettable conflict which prevails there." President Roosevelt has stated explicitly that the first move of the conference will be an attempt at mediation. At the same time, he has declined to give in advance any indication of what the next step will be likely to be if this mediation unfortunately fails. It is, no doubt, premature to undertake any public commitments on such questions until we have greater light than we have at present on the Japanese attitude. Japan objects to the conference for two separate reasons, which are not of equal gravity. The first is that it is convened on the initiative of a League of Nations which has, for the second time, denounced her as an aggressor. The second, and less tractable, objection is

that she will not tolerate any intervention of third parties between herself and China. This very practical application of "The Japanese Monroe Doctrine" is almost as intolerable for the British Empire, the United States, France, Germany and the Netherlands as it is for the Russians, Chinese, Filipinos, Annamites, Javanese and other Far Eastern peoples whose own home territories are directly affected by it. The odds are consequently still in favour of Japanese absence from the conference. It is, however, just possible that she may be moved to compromise by the already visible effects of her aggressiveness upon her trade. Quite apart from politics, private men of business all over the world are beginning to fight shy of granting their Japanese customers commercial credits or implicating themselves with them in any other way at a time when Japan's future seems so dark. Will this automatic warning bring the Japanese militarists to reason?

The Campaign in China.—Fighting around Shanghai continues as fiercely as ever, and there has been no break in the Chinese resistance. Under strenuous Japanese pressure the line swayed west, for a time, at Tazang, a few miles north of Shanghai, but the Chinese claim to have successfully counter-attacked. In the northern provinces the week's news has been more encouraging for the Chinese than at any time since the Japanese started their rapid advance. In Shantung the Japanese have retreated along the railway, partly because the Shantung provincial armies are being concentrated near the Japanese advance guard and partly because strong Chinese pressure in Northern Shansi threatens their lines of communications. On the Peiping-Hankow railway the Japanese advance appears to be halted, and opposition may be stronger than anything the Japanese have so far met in the north. On this front Central Government troops are being used, and territory has been reached in which it is understood that the Central Government prepared special defences some time ago. In Shansi the Chinese claim to have surrounded fifty thousand Japanese troops. Attacks on the communications of the Japanese seem, in fact, to have been much more extensive, and the Japanese armies may need reinforcement to avoid a setback. In Suiyuan province the Japanese claim to have advanced beyond the railroad and to have reached the Yellow River. There have been rumours in Japan that the Outer Mongolian Republic may decide, under Russian advice, to align itself with the Nanking Government.

Cotton Reorganisation.—In July last the President of the Board of Trade invited the cotton industry to prepare a comprehensive scheme for the improvement of conditions in the industry. The invitation was accepted by the Joint Committee of Cotton Trade Organisations and their proposals have now been published in a pamphlet. They follow the general lines which have come to be known as "self-government of industry." The Government is to be invited to pass an Enabling Bill setting up a Cotton Industry Board representative of the industry and an Advisory Committee of three independent persons; the duties of the Board and the Committee would be to examine schemes brought forward either by sections of the industry or by the industry as a whole. The Board, though consisting of two spinners, two manufacturers, one dyer, one bleacher, one printer, two merchants and three operatives' representatives, is, in the first instance, to be appointed by the Board of Trade. The schemes may cover any question of the reduction of surplus capacity, the limitation of excessive competition, the regulation of production or sale, the fixing of minimum prices or

margins, the institution of pools and quotas, the imposition of levies, the regulation of new entrants to the industry, the enforcement of labour agreements—in short, any of the manifold devices of industrial regulation. The Board and the Committee shall not approve a scheme unless it is supported by a "substantial majority" of the section directly concerned, unless they are satisfied that it will not adversely affect other sections of the industry, the employees of the industry or the public interest. They are also enjoined to see that it does not handicap new firms or prevent the expansion of the industry, and that it will tend to assist the export trade. When a scheme has been approved by the Board, the Advisory Committee and the President of the Board of Trade, it shall come into force by Order, provided that neither House of Parliament objects within twenty-five days.

The cotton industry has been one of the most depressed in the country for many years past, and there will be general agreement with the Prime Minister that, in working out a satisfactory plan of reorganisation for the industry as a whole, the Joint Committee "deserve the ungrudging help and full co-operation of every section of the industry"—Mr Chamberlain might have added "and of the community." From the technical point of view, the plan has many merits. It leaves plenty of room for elasticity, but at the same time faces the central point that if Lancashire is to be reorganised, compulsion will have to be applied to recalcitrant minorities. There can be little doubt that if some form of central control such as that adumbrated in the Joint Committee's proposals had been in force in the post-war years, Lancashire would be far more prosperous than she is. It is also worth while to list the safeguards provided for the public interest: the appointment of an independent Advisory Committee; the provision that there must be no discrimination against new firms and no prohibition of expansion; and the ever-present necessity to face fierce competition in the export trade. But when all this has been said, it is still true that the proposals are the latest example of a vicious principle which is slowly spreading over British industry. In one trade after another, the logic of events is compelling the abandonment of unrestricted free competition. But if *laissez-faire* is ruinous in one way, private monopoly is ruinous in another. The community is betraying its own interests if it lends its aid to private industrialists in the creation of legally watertight monopolies and yet leaves them in unrestricted control of their industries and their profits. The examples of steel and milk (to quote no others) show how inadequate as a public safeguard are advisory committees or even independent chairmen. We may need to be on guard lest, in the effort to organise industries and yet avoid Socialism, we should slowly drift into Unsocialism. Let there by all means be "reorganisation" of industries. Let industry also by all means remain independent of political control. But the community has the right to insist, before its aid is sought, on two principles: that there shall be a limit to the enlargement of profits; and that the public shall be directly represented in the day-to-day management and control of the industry. The cotton scheme, even without these provisions, might well be innocuous and even beneficial. But it would be a bad precedent for other industries where the same natural safeguards are not present.

South Wales Trading Estate.—The evidence submitted on October 20th on behalf of the Board of Trade to the Royal Commission on the Geographical Distribution of the Industrial Population adds point to the chronic need of the Special Areas for new industries. Nearly 2,700 new factories were opened between 1932 and 1936, but two-fifths of the employment provided was in Greater London and only a negligible proportion in Special Areas. It is not enough to argue, as the Board of Trade did in their memorandum, that industry is most efficiently located when its distribution is left to the

individual decisions of manufacturers. Few manufacturers make such decisions on the basis of all the relevant economic facts. And, in any case, it is socially desirable that as many enterprises as economically possible should be placed in the Special Areas. The effect of undoubted recovery in these areas has been only to stress this need for new industrial undertakings to absorb redundant resources of men and facilities. The Treforest Trading Estate, which was informally visited on Wednesday by the Duke of Kent, is an example of what is being done in the Taff Valley. Some 7½ miles from Cardiff, it is a Government-assisted enterprise, designed to provide sites and convenient factories on lease at reasonable rentals. The Treforest Estate is at an earlier stage of development than its counterpart at Gateshead-on-Tyne; it is less compact, less organised as an industrial community and less ambitious. Some 600 men are engaged in constructional work; fifteen factories are practically completed, and ultimately over fifty are contemplated, to employ some 5,000 workers. The finished enterprise will cost some £800,000, and already many varied and important enterprises have been attracted, including a large and imposing paper mill, a gas for breweries, bottlers and refrigerators, and a factory already in production to make steel mesh for from the mining valleys, and the nature of this estate's development will differ from that of the Team Valley scheme, inasmuch as there is in the district a deficiency rather than an abnormal supply of female labour.

New Industries and Old.—Though the Treforest Trading Estate will do little more than scratch the surface of South Wales's problem of redundant labour—estimated in the Second Industrial Survey at 80,000 for the whole industrial region—it is a welcome beginning. In the long run, however, the salvaging of the Special Areas by new industries can only come from a very considerable extension, if not of trading estates, then of the trading estate method; and the Treforest Company have undertaken the clearing of sites for the Commissioner in other parts of South Wales. New industries may do a good deal for the Special Areas, but only if they are developed *pari passu* with the reorganisation and revival of basic industries. It is, for instance, of great importance in the rehabilitation of distressed Tyneside that the Commissioner has arranged to lease the Palmer's site at Jarrow to a new company for the manufacture and rolling of steel, with a capital of £1,000,000 subscribed by the Treasury, the Nuffield Trust, Consett Iron Company, and the Bankers' Industrial Development Company. The new company will benefit from the contributions in respect of rent, rates and income tax permitted by the Special Areas Act of this year. Such undertakings, if combined with the policy of freer trade through bilateral agreements and a liberal tariff policy, which was advocated last week by the Association of British Chambers of Commerce, will provide the indispensable supplement to the development of new, light industries in effecting a real recovery in the Special Areas.

M. Bonnet's Progress.—The second ballot of the French cantonal elections last Sunday reinforced the lessons of the first ballot a week earlier and clinched the outstanding victory of the Front Populaire. The allied parties as a whole have gained 45 seats in the Conseils Généraux from the Opposition and now hold 864 seats out of 1,525. Moreover, the results make it possible for each of the two major partners in the Government to claim an especial success. As compared with the last communal elections in 1931, the Socialists have gained 71 seats and the Radicals have lost 42. But if the comparison is taken with the voting in the Parliamentary General Election of last year, the Radicals have increased their proportion of the total vote, while the Socialists and Communists have lost ground. In any case, the net effect is considerably to strengthen the Government as a whole. The events of the last few weeks

have tended to re-establish a certain degree of confidence in the financial position. There has been a steady demand for francs, and the rate has been allowed slowly to rise. This confidence was disturbed, but not badly shaken, by a decision taken by the Cabinet on Tuesday to devote the whole of M. Bonnet's prospective surplus for 1938 of Frs. 1,600 millions to increases in the salaries of Civil servants. M. Bonnet had intended to devote Frs. 1,000 millions to this purpose, so that the new decision only involves a sum of Frs. 600 millions. But the knowledge that the *fonctionnaires* are not satisfied and that a section of the Cabinet wished to go further shows that it will be difficult to make economy outlive the severe crisis. Another departure from the strict letter of Budget balancing appeared on Wednesday in the shape of authorisation to the Crédit National to raise a loan of Frs. 1,000 millions for public works. Thus there are signs that the old conflict between the need for economic expansion and the need for fiscal retrenchment has not yet been resolved. But M. Bonnet's success in finding his way between the two extremes is slowly reaping its reward.

Czechoslovak Anxieties.—The campaign for the Czechoslovak communal elections on November 14th is well under way. The prospects of Herr Henlein's Sudetendeutsch party have been very considerably affected by the arrest of several of its leaders, including Herr Rutha, who holds the party's membership card No. 2, on criminal charges of a nature which have not been unknown in the Nazi Party in the past. This weakening of the party which enjoys Herr Hitler's favour has been the occasion for a sharp revival in the German Press campaign against Czechoslovakia. Herr Henlein's adherents have been appearing at meetings in the illegal grey uniforms, and the consequent arrests have been described in Germany as brutality which is a challenge to the whole of "Deutschum" and a threat to the peace of Europe. It would be an error to take seriously every use of violent language in the German Press, even when it is in defence of democracy and parliamentarism—in other countries. But at the same time it is true that if Germany were to attempt to imitate the technique of the Spanish revolt in Czechoslovakia, this is precisely the way in which it would start. The Prague Government is fully capable of maintaining order within its borders. But it is hardly surprising that certain of its Agrarian supporters are looking with some envy on the position of Belgium and wondering whether it would not be worth while trying to secure a similar guarantee from Berlin of the Czechoslovak frontiers. To make such an attempt would be to ignore all the obvious differences between the situation of Belgium and that of Czechoslovakia. It would also mean exchanging firm alliances for confidence in Germany's word. Those who are in control of policy at Prague are cool calculators, and they are not in the least likely to drop the bone for the shadow.

An Unusual Libel Case.—An action for libel which was fought out in the High Court last week has some unusual features of interest. The defendants in libel cases nowadays are very frequently newspapers, and the state of the law, as interpreted by the judges and applied by the juries, is such that libel has become the chief occupational hazard of the Press. In this case the defendant lost and was mulcted in damages, but the big newspaper in the case appeared as plaintiff. The action was brought by The Daily Telegraph, Ltd., and by Lord Camrose, proprietor of the *Telegraph*, against the editor, printers and publishers of *Action*, a weekly newspaper devoted to the advocacy of British Fascism of the Mosley brand. The subject of the action was an article which stated that Lord Camrose was a Jew, that *The Daily Telegraph* was owned and controlled by international financiers and could not be trusted to defend British interests. These charges were found by the jury to be completely untrue and the damages were assessed at £20,000. The allegations about Lord Camrose and

The Daily Telegraph are typical of the unsubstantiated statements about other organs of the Press which have originated with similar recklessness from the same source. It is supremely important that the full truth should be known about the ownership and control of the great organs of the Press, more especially in this country where their number is so small. But it is equally necessary that persons and movements who find public opinion unsympathetic to them should not be allowed to blame this perfectly explicable fact upon totally non-existent occult forces which are supposed to control the Press. The case, in short, demonstrated the need for a strong law of libel. Whether respect for that law will be increased by the punitive damages inflicted is a much more questionable matter. The case might be held to demonstrate with equal clarity the urgent need for relating libel damages to the loss actually incurred.

Developments in Education.—National expenditure on education still hovers on the brink of £50 millions; and every year new and important ways are found of spending money. The report of the Board of Education for 1936 records an estimated expenditure in 1936-37 of £48,065,726, and calls attention to three departures in policy. The first was the Education Act of 1936, which raised the school-leaving age from 14 to 15, but at the same time allowed exemptions for children going into "beneficial" employment. How far the exemptions will stultify the raising of the age—as is widely feared—is not yet known. As the report rightly points out, the result will largely depend on the principles laid down by local authorities for the granting of exemptions. At the worst, exemptions may apply to over 80 per cent. of children between 14 and 15. At the best, the proportion may be as low as one-third. The second step taken in 1936 was further to reorganise the elementary schools, ostensibly on the lines of the Hadow Report, to improve school premises and to reduce over-large classes. Here again, appraisal must be tempered with criticism. Reorganisation, as at present carried out, often contains "little of the letter and less of the spirit of the Hadow Report." There remain 1,000 schools in use, which have been condemned as unsuitable; and there are still nearly 50,000 classes with 40 or more pupils. The third feature of policy in 1936, on the other hand, merits an ungrudging welcome. Circular 1445, issued in January, was designed to assist local authorities and others to prepare schemes of physical education. Circular 1450, issued in October, dealt with clothing and gear, and a memorandum, issued in April, with gymnasia. These steps were not taken simply to set physical training and recreation in their proper and important place in school education or to provide for the adequate instruction of physical training teachers and organisers. They were to serve, as the Physical Training and Recreation Act of this year has revealed, as the basis and starting point of a campaign to improve the physique of the whole nation.

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doing business on Norway.

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Cinema Trade News Reel.—It was announced last week-end that Mr John Maxwell, on behalf of the Associated British Cinemas, Ltd., had acquired a controlling interest in Union Cinema Company, Ltd., and had thereby become responsible for the destiny of nearly 500 cinemas in the United Kingdom, and one of the largest circuits of cinemas in the world. Though the terms have not been disclosed, there is ground for believing that the deal took the form of the acquisition of the large block of Union shares held by Mr Fred Bernhard, the managing director, who is said to have intimated his intention to resign, and of his father, Mr David Bernhard, who was chairman until his death a few weeks ago. The Union shareholders will doubtless find satisfaction in the knowledge that control has now passed into hands which have successfully demonstrated their capability of earning increasing profits and distributing increasing dividends, in recent years, on a steadily increasing volume of capital. Already the market for Union shares has shown a satisfactory response to the news. A reversal of the Union policy of acquiring a number of cinemas in the same town or district is likely to be taken in hand immediately. In some quarters it is believed that this policy, which aimed at forcing the renter to sell films at buyers' prices, recoiled on the cinemas by creating a demand for a larger assortment of films than the market could supply.

Meanwhile the rival cinema circuit, the Gaumont-British, has held its annual meeting, at which the chairman has again assured the shareholders that while there was no jam yesterday, and there is no jam to-day, they might look forward to jam to-morrow. In view of the confident statements which his predecessor in the office of chairman made two years ago, the shareholders would seem to have deserved a fuller explanation of the decline in the company's profits than the mere statement that no net revenue had accrued from their American adventure of three years ago. These major events in the development of the British film industry should not blind the public and Parliament, however, to the importance of the new Film Bill which the Government intend to introduce next month. The White Paper, upon which we commented recently, set out the new proposals in some detail. As we forecast, these proposals have failed to reconcile differences of opinion within the trade, and considerable criticism from many quarters is

sure to be voiced during the second reading, Committee and report stages, both in the Commons and the Lords. It is possible, indeed, that the time required for other important legislation may make adequate consideration of the Government's scheme impossible. If so, we venture to suggest that, in view of the fact that the renters' quota expires next March, an interim measure should be framed continuing the existing Act for a year. Such a measure alone would afford time for drawing up and thoroughly debating a well-considered scheme for the industry. The recognised importance of films in the social, political and economic worlds would amply justify prolonged deliberation on this difficult and controversial subject.

Changes in British Coal Consumption.—The accompanying charts throw significant light on changes in the disposal of Britain's output of coal during the past ten years. The first shows home consumption of coal by five leading industries, as estimated in the latest annual report* of the Secretary for Mines. The industries for which separate information is available include gasworks, electricity generating stations, railways, iron and steel and collieries. After falling from 77.2 million tons in 1927 to 61.6 million tons in 1932, the aggregate consumption of these industries rose again to 76.9 million tons in 1936. During the past ten years, it will be seen, the decline in coal consumption by the railways, the iron and steel industry and collieries has been practically offset by the heavier takings for the manufacture of electricity and gas. The second chart shows the trend of coal consumption in these five industries as well as of other domestic uses and exports, inclusive of coal shipped for the use of steamers. The aggregate consumption of the five industries shown in the first chart is less than half of the total domestic consumption. Consumption for other purposes fell from 102.3 million tons in 1927 to 87.9 million tons in 1932 and, at 99 million tons in 1936, was still slightly below the level of ten years ago. Unfortunately, no separate estimates are available of the quantity of coal used for domestic purposes in private houses, public buildings and institutions. According to an estimate made shortly after the war, consumption for these purposes then amounted to about 40 million tons per annum. While domestic

* H.M. Stationery Office. 4s. net.

CHART A: COAL CONSUMPTION BY BRITISH UTILITY AND STEEL INDUSTRIES

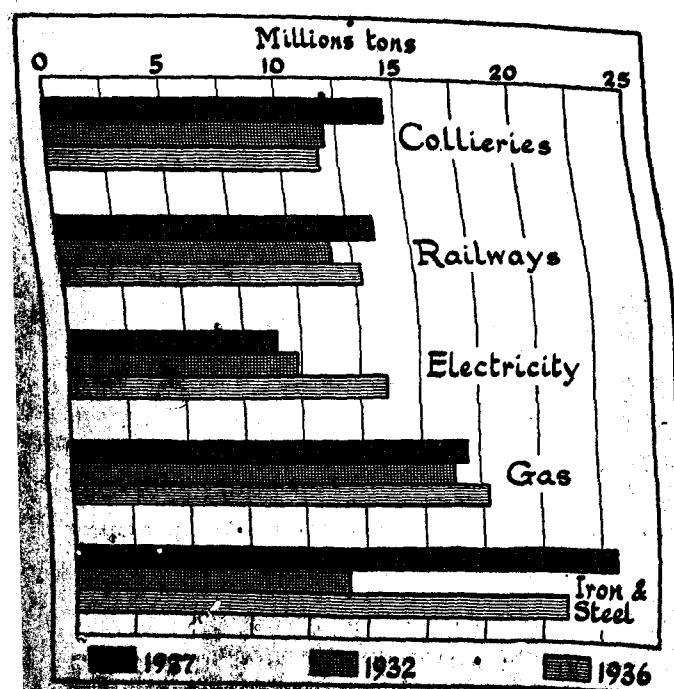
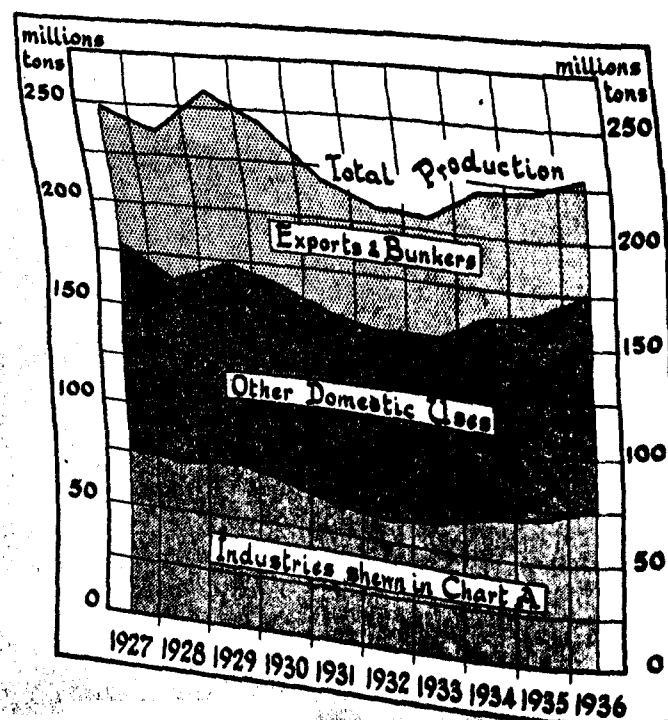


CHART B: PRODUCTION AND CONSUMPTION OF BRITISH COAL

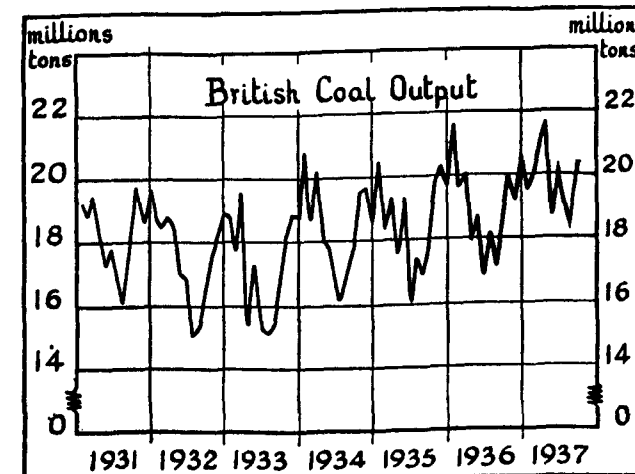


consumption in 1936, however, was almost as high as in 1927, the volume of exports and coal shipped for the use of steamers declined from 71.9 million tons to 50.3 million tons during this period.

Road Transport Co-ordination.—The report of the Transport Advisory Council, set up under the Road and Rail Traffic Act of 1933, was published last Monday. It deals with the co-ordination of transport by rail, road and canal. A separate report on coastwise shipping is promised later. The present report seeks to achieve co-ordination by means of control of rates, and not through any direct rationing of traffic. More than half of its total length is devoted to a scheme for the regulation of road haulage rates. The determination of rates in each traffic area—following prevailing modes of "industrial self-government"—is to be left to Committees of the hauliers themselves. These rates are to be enforced by officials appointed by the Ministry of Transport. A central body, the Road Rates Tribunal, which will include representatives of the traders as well as the hauliers, is to deal with appeals and matters affecting more than one area. The relationship between road charges and railway rates (the real root of the present road-rail problem) is to be left to voluntary agreement between the parties concerned.

Memoranda submitted to the Council by the interested parties—railways, canals, coastwise shipping and the road—are published as appendices to the report. Of these documents, the submission of the British Road Federation is a particularly valuable contribution to clear thought on a highly controversial matter. It recognises, for example, the fundamental importance of the distinction between road charges, which are based primarily on cost, and railway rates, which allow also for the value of the goods carried. We have already discussed the consequences of this distinction (see *The Economist*, July 29, 1933, p. 219). The memorandum also asks the pertinent question why prices should be fixed in a business like road haulage, where active competition is the rule.

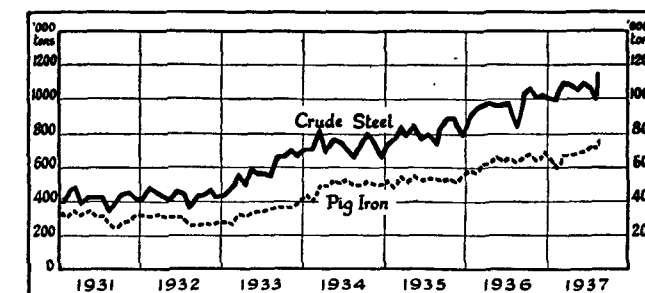
Seasonal Increase in Coal Output.—Coal production showed a marked seasonal increase during the past month, when the estimated quantity of saleable coal raised in Great Britain was 8.6 per cent. higher than in the corresponding month last year:—



The improvement over a year ago, though due mainly to increased home consumption, was helped by heavier exports, chiefly to France, Italy, Sweden and Argentina. Total exports in September, at 3,657,000 tons, showed an increase of 20½ per cent. over the corresponding month last year. Though seasonal influences favour a further expansion of output this month and domestic consumption is likely to remain buoyant, the recent lull in new export orders is not encouraging.

Record Steel Production.—Efforts made since last year to increase the capacity of the iron and steel industry are reflected in a further expansion of the output of both pig iron and steel ingots and castings during the past month. The output of steel last month was higher than ever before, while pig iron production reached its highest level since September 1920.

BRITISH IRON AND STEEL PRODUCTION



In contrast to the movement a year ago, British exports showed a decline between August and September. On the other hand, imports continued to increase in volume during September, when they were considerably higher in quantity than British exports.

(In thousands of tons)

Period	Production		Foreign Trade	
	Pig Iron	Steel Ingots and Castings	Total Imports	British Exports
1913—Monthly Average	835.0	638.6	185.9	414.1
1929 " "	632.4	803.0	235.2	364.9
1932 " "	297.8	438.5	132.7	157.4
1936 " "	640.5	974.8	123.6	183.8
1936—August	635.8	872.7	141.8	164.0
" September	650.8	1,027.0	165.0	183.0
" October	670.3	1,080.5	101.0	194.4
" November	643.1	1,001.3	90.7	193.3
" December	671.4	1,019.2	94.8	204.8
1937—January	650.7	998.9	83.1	215.0
" February	603.7	995.9	82.9	200.5
" March	680.3	1,109.5	94.3	231.6
" April	680.7	1,080.4	88.5	239.5
" May	696.3	1,047.3	98.1	228.3
" June	699.3	1,108.4	174.8	235.4
" July	729.3	1,059.2	202.3	232.2
" August	714.0	987.7	213.4	201.4
" September	726.7	1,163.0	226.2	193.6

The combined effect of increased production, higher imports and lower exports, has been to alleviate the stringency of supplies in the home market. The improvement in imports is largely due to reduced purchases by other importing countries discussed below.

International Steel Exports.—The period between the autumn of 1936 and early summer of this year witnessed a remarkable expansion in the demand for iron and steel by the principal importing countries, and provided the exporting countries with a golden opportunity

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to increase their overseas sales, whose recent extent is indicated in the following table:—

EXPORTS OF IRON AND STEEL (In thousands of tons)			
	1936	1937	Percentage Increase
Belgium (January-June)	760	1,958	158
France (January-June).....	760	985	30
Germany (January-July)	2,047	2,244	10
U.S.A. (January-July).....	653	1,818	178
U.K. (January-September) ...	1,613	1,977	23

The increase, as will be seen, was most marked in the case of the United States and Belgium. France was in a less favourable position to take advantage of the improvement owing to the hampering effects of social legislation, while Germany and this country had to meet the exigencies of rising domestic requirements. As the Continental members of the International Steel Cartel were able to obtain higher prices elsewhere, their sales to this country were relatively less profitable. Consequently, their deliveries to the United Kingdom fell into arrears, thus increasing the stringency of domestic supplies. Some examples of the extent to which Cartel prices were pushed up are given in a recent issue of *The Engineer*. For instance, bars and angles, which in September, 1936, were sold at £2 14s. 8d.-£3 15s. gold, per ton, f.o.b., are now quoted at £6-£6 7s. 6d. gold. The quotation for joists, which was £2 17s. 6d.-£3 15s. gold per ton, now stands at £5 7s. 6d. per ton, f.o.b. Last summer, however, the volume of new export business tended to decline. How far this set-back was due to the inordinate rise in prices and how far to the accumulation of stocks in importing countries and international political developments, it is difficult to say. As a result, however, the Continental members of the Steel Cartel were glad to find British demand still buoyant, and their deliveries under the Quota arrangement have recently shown a definite increase. This has tended to relieve the stringency of supplies in this country, and the moral is that it's an ill wind that blows nobody good.

Smaller British Crops.—The Ministry of Agriculture's latest Monthly Report contains revised estimates of the yield of the principal crops in England and Wales. The latest forecasts, which are still provisional, are as follows:—

	Acreage ('000 acres)		Production ('000 tons)	
	1936	1937	1936	1937
Wheat	1,704	1,731	1,378	1,308
Barley	819	823	663	573
Oats	1,420	1,222	1,080	904
Potatoes	457	455	2,814	2,935
Turnips	177	182	1,945	1,864
Swedes.....	255	243	3,461	2,916
Mangolds.....	245	207	4,684	3,565

Corn crops generally are free from disease, but production is expected to be below last year's level. Wheat is of good quality in most parts, but the yield per acre is estimated at only 15 cwt., or 2½ cwt. below the ten-year average. Barley, with an estimated yield of 14 cwt. per acre, is also 2½ cwt. below average. This grain is generally of good quality, although it is frequently short in the straw. The quality of oats is variable; winter oats are generally fair, but spring sown are light. Here again, the yield per acre, at 14½ cwt., is somewhat below normal. The potato crop, on the other hand, is yielding rather in excess of the long-term average, and the lifting of the crop is progressing satisfactorily. The output of other root crops is expected to be well below last year's level.

Hesitancy in New Business.—The latest news of the current level of industrial activity remains satisfactory, but the lull in the volume of new orders continues. The figures for many raw materials show a further decline this week. Prices of copper, lead, spelter and tin are all lower on the week, the price of standard copper having fallen from £45 12s. 6d. per ton to £43 7s. 6d. per ton. Raw cotton prices, on the other hand, have shown some improvement which stimulated inquiry for cotton goods. An important development in

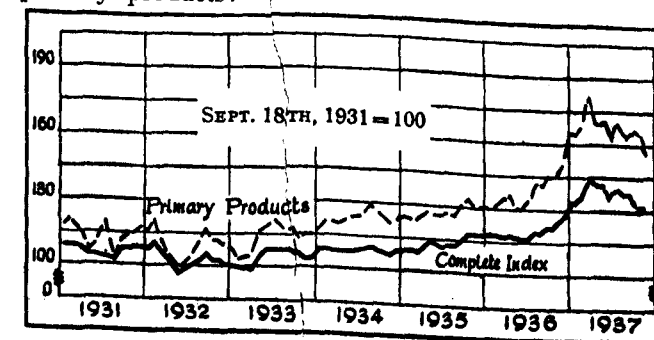
Lancashire was the publication by the Joint Committee of Cotton Trade Organisations of proposals for the reorganisation of the cotton industry (discussed on page 155). New business in wool textiles remains at a low level and the market in Dundee jute goods is almost idle. Production of coal remains well above the level of a year ago. Home demand continues buoyant, but foreign inquiry has shown some hesitancy. Similarly, current activity in the iron and steel industry continues at a record level but, as in the case of coal, export demand is less strong. In contrast to the returns of preceding months the September figures of the value of building plans passed by 146 local authorities are almost equal to those of the corresponding month a year ago. The easier tendency in the shipping freight markets is a reflection of the decline in the prices of primary products and of the hesitancy in world economic recovery. Consequently, the decision of British tramp ship owners to adopt a scheme of voluntary co-operation, announced on Wednesday, is of considerable significance. Provided that 90 per cent. of the tramp ship owners sign the scheme, it will come into operation at the beginning of next year.

Commodity Prices Still Falling.—The lull in world economic expansion, due mainly to the recession in the United States, is reflected in a further decline of the prices of many internationally traded commodities, especially raw materials. Despite the almost continuous fall of prices for primary products since last March, the British and American wholesale price indices, shown in the table below, still stand at higher levels than a year ago. The indices for Italy and Germany have also shown a slight decline recently, but in France a further increase of prices for domestic products has raised the index still more:—

SEPTEMBER 18, 1931 = 100									
Date		The Economist Indices		Price of Gold (sterling)		U.S.A. Irving Fisher		France, Statistique Générale	
		British Complete Index (sterling)	Primary Products (sterling)	American (dollar)				Italy, Milan Chamber of Commerce	Germany, Statistisches Reichsamt
1932									
July 27th 1933	99.5	103.5	84.1	136.9	88.3	91.3	88.5	88.1	
July 28th 1934	108.1	120.6	124.7	145.7	100.9	89.7	86.2	86.6	
July 18th 1935	109.5	124.8	136.7	162.4	113.2	81.4	83.2	91.1	
July 31st 1936	112.7	126.7	146.2	185.6	120.2	75.9	86.2	93.9	
July 22nd 1937	118.7	140.4	157.2	163.4	120.6	86.6	111.4†	95.7	
Aug. 19th	119.4	141.9	163.2	162.7	121.9	88.8	111.4†	96.1	
Sept. 30th	121.8	144.5	159.6	185.0	121.8	86.4	112.5†	95.9	
Oct. 28th	123.6	145.7	161.1	167.1	122.5	102.1	114.8†	95.8	
Nov. 25th	126.3	150.9	172.0	167.2	124.8	106.9	...	95.9	
Dec. 30th 1937	131.3	163.9	187.3	166.7	128.8	113.0	...	96.4	
Jan. 27th 1938	134.2	164.2	184.5	167.0	131.0	115.9	...	96.7	
Feb. 24th	136.3	168.2	185.6	167.4	131.8	116.8	124.3	96.2	
Mar. 31st	144.3	181.8	199.7	167.4	137.8	121.8	126.2	97.8	
Apr. 28th	142.0	169.9	183.5	165.4	135.6	120.5	128.7	97.0	
May 19th	142.4	168.7	184.4	165.3	134.9	120.2	131.3	97.2	
June 2nd	142.7	170.2	178.9	165.6	134.9	119.8	133.2	97.5	
June 16th	139.4	163.6	173.5	165.3	133.3	119.8	133.8	97.4	
June 30th	139.5	165.9	176.8	165.7	134.1	...	134.2	97.8	
July 14th	140.7	168.5	180.4	165.0	134.1	128.8	135.8	97.8	
July 28th	140.2	167.1	171.8	164.5	133.8	130.8	137.1	97.9	
Aug. 11th	139.3	166.8	171.1	164.2	133.3	131.3	137.0	98.2	
Aug. 25th	137.9	164.4	165.3	164.2	133.0	133.3	137.1	98.1	
Sept. 8th	137.4	165.1	166.8	165.1	132.2	136.7	...	97.7	
Sept. 22nd	136.0	164.0	166.8	165.1	133.7	139.4	137.7	97.6	
Oct. 6th	135.1	159.7	153.7	163.5	130.2	139.9	140.5	97.4	
Oct. 20th	133.6	156.2	152.3	165.4	129.8	140.1	138.2	97.3	

* These figures relate to October 13th.
† Monthly averages.

The extent of the fall in prices since last March is illustrated by the following chart, which shows the trend of the complete *Economist* index and of the index for primary products:—



Details of group movements in the complete *Economist* index number are given below:—

The Economist Index (1927 = 100)				
	Sept. 18, 1931	Sept. 22, 1937	Oct. 6, 1937	Oct. 20, 1937
Cereals and meat	64.5	89.1	92.3	91.0
Other foods	62.2	67.2	67.7	67.4
Textiles	43.7	65.5	64.3	63.6
Minerals	67.4	106.4	101.0	98.9
Miscellaneous	65.8	84.5	83.5	83.2
Complete index	60.4	82.2	81.6	80.7
1913 = 100	83.1	113.1	112.3	111.0
1924 = 100	52.2	71.0	70.5	69.7

The decline during the past fortnight has been fairly general, and has affected all the group indices. It has been most marked in the minerals group, which includes non-ferrous metals.

Plight of the Jute Industry.—In a survey of Dundee's jute trade in *The Economist* of June 5th, page 557, we drew attention to the changes as a result of which the industry has not only lost its pre-eminence in the world but is now fighting a losing battle even in the home market. British imports of jute piece-goods from India rose from 48.8 million square yards in January-September, 1935, to 105.0 millions in the corresponding period in 1936 and 131.9 millions this year. Similarly, imports of sacks and bags from India have risen further, from 699,531 cwt. in the first nine months of 1936 to 752,330 cwt. in 1937. Having found representatives of the Indian industry unwilling to curtail their exports to this country at a recent conference, British jute manufacturers turned to the Secretary of State for Scotland with a request that he should receive a deputation. But as the restriction of imports from India is hardly a matter for the Secretary of State for Scotland, this request was refused. The industry now appears to place its last hope for concessions on the official negotiations for a new Anglo-Indian trade agreement.

A Surfeit of Cotton.—Raw cotton is among the few commodities which are now substantially cheaper than a year ago. The current level of quotations for American Middling is 4.75d. per lb., compared with 6.86d. per lb. a year ago and 6.51d. per lb. on the corresponding date in 1935. The decline in prices is a direct consequence of the policy of the United States Government, which, by limiting domestic production in recent years, encouraged an increase of cotton growing elsewhere. During the seasons 1934-35 to 1936-37, when production in the United States was substantially below the average of former years, the increase in output elsewhere did not prevent an improvement in prices. But when America's crop not only reached, but even surpassed, that of former years, as it did this season, the market was bound to collapse. In recent months the cotton position deteriorated steadily with each increase in the official forecast of the yield in the United States. The latest estimate published last week forecast a yield of no less than 17,573,000 bales, against 16,098,000 bales a month ago. Moreover, it is now expected that the next forecast, to be issued next month, is likely to show a yield of no less than about 18 million bales, against 12.4 million bales in 1936-37, 10.6 million bales in 1935-36, and 9.6 million bales in 1934-35. With the carry-over of 6.2 million bales from last season, the total supplies of United States cotton in 1937-38 may reach 24.2 million bales, against 13.1 million bales actually consumed in 1936-37. And, as production in Egypt, Brazil, China and the U.S.S.R. is also expected to be higher this season, world supplies are likely to exceed 50 million bales this season, against a consumption of 30 million bales in 1936-37. As there is little likelihood of a corresponding increase in demand even at the lower level of prices, the outlook for raw cotton prices is scarcely encouraging.

Trade by Commodities in September.—The general figures of overseas trade given in last week's issue of *The Economist* may now be supplemented by the two following tables, showing quantitative changes in Britain's principal imports and exports in September, compared with the same month of 1935 and 1936:—

RETAINED IMPORTS—MONTH OF AUGUST				
Item and Measure	1935	1936	1937	
Wheat	'000 cwt.	7,287	7,580	6,425
Beef and veal	'000 cwt.	948	1,118	1,186
Mutton and lamb	'000 cwt.	413	571	446
Sugar, unrefined	'000 cwt.	3,619	3,347	4,152
Iron ore and scrap	'000 tons	468	582	710
Raw cotton	'000 cwt.	569	929	965
Sheep's and lambs' wool	'000 cwt.	215	250	255
Flax, hemp and jute	'000 cwt.	11,630	15,607	9,191
Crude petroleum	'000 galls.	46,137	49,469	43,386
Hides, wet and dry	'000 cwt.	134	169	177
Wood pulp	'000 tons	192	212	156
Rubber	'000 tons	251	251	351
Unwrought copper	tons	25,639	22,260	42,069
Unwrought lead	tons	18,641	30,006	21,459
Tin, ore and concentrates	tons	3,728	4,304	3,694
Tin, blocks, ingots, slabs, bars	tons	283	803	*
Iron and steel and manufactures	'000 tons	89	165	226
Machinery	'000 tons	5,623	9,038	12,048

* Net export of 592 tons.

Apart from fortuitous month-to-month changes, imports of foodstuffs have recently been well maintained. Increased imports of iron ore and scrap, and of iron and steel manufactures and machinery serve as a reminder that Britain's heavy industries remain very busy. Imports of unwrought copper were also substantially larger than a year ago, but purchases of unwrought lead showed a decline. Among textile raw materials, cotton imports showed some recovery, and wool imports were again larger than a year earlier.

BRITISH EXPORTS—MONTH OF AUGUST				
Item and Measure	1935	1936	1937	
Coal	'000 tons	2,929	3,031	3,657
Iron and steel scrap	'000 tons	9,912	17,658	9,881
Pig iron and ferro-alloys	tons	12,914	10,837	16,157
Railway materials	tons	17,092	7,243	10,428
Total iron and steel manufactures	tons	183,785	183,023	193,615
Textile machinery	tons	5,191	3,616	6,654
Total machinery	tons	29,878	32,059	36,866
Cotton yarns	'000 lbs.	10,123	11,825	11,919
Cotton piece goods	'000 sq. yds.	150,259	153,553	156,827
Wool tops	'000 lbs.	3,717	4,572	2,877
Worsted yarns	'000 lbs.	2,482	2,237	1,880
Woolen tissues	'000 sq. yds.	6,419	6,856	6,437
Worsted tissues	'000 sq. yds.	3,057	2,915	3,275
Linen piece goods	'000 sq. yds.	4,965	6,788	5,675
Leather boots and shoes	doz. pairs	32,918	31,454	35,008
Leather	cwt.	20,827	17,764	21,090
Paper and cardboard	cwt.	332,401	406,177	368,032
Locomotives and parts	tons	827	329	545
Motor vehicles and chassis	No.	5,723	7,065	7,828

British exports of pig iron, railway materials, iron and steel manufactures and machinery were all higher than in September, 1936, despite the pressure of domestic demand.

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From Our Special Correspondents

United States

Output and Values Decline

NEW YORK, October 11.—Early in August steel operations were about 85 per cent. of capacity; the Dow-Jones average of industrial shares was as high as 190. In the first week of October, steel operations were 66 per cent. of capacity and the Dow-Jones averages were close to 140. The declines both in steel operations and in stock market prices in September were almost unprecedented in their abruptness.

It is still impossible to say definitely whether the decline in the stock market represented a shrewd and prompt appraisal of a suddenly weakening business structure, or whether the decline in the market unsettled business opinion, and caused an abrupt decline in industrial demand. Statistically, of course, one can say that the gap between orders and production has now been closed by the decline in production; but realistically it should be remembered that forward ordering has at no time for many years, with the exception of a few weeks in the winter of 1936-37, been characteristic of American corporate practice. Hand-to-mouth buying has been the prevailing practice.

Even now, it is not clear if the September decline in steel operations was typical of heavy industry in general or peculiar to that one industry. Its counterpart in non-ferrous metals is the drop in the price of copper from 14 to 12 cents—but this decline was patently inaugurated in London. Moreover, much of the decline in steel demand is attributable to a single cause—the railroads have been obliged to cut their purchases to a minimum. The rise in railway wages negotiated this summer, applied to last year's payrolls, would represent an increased labour cost of about \$150 millions. There has been some increase of traffic; but not enough to compensate for the increased cost of labour and materials. Probably the greatest single cause of the decline in steel operations is the suspension of railway buying. It was expected that railway wages would be raised; but most people hoped that at the same time a rate increase would be authorised which would offset the increased wages and permit the roads to continue their habitual expenditures. A rate increase is still expected; but the delay has already been costly to the American economy.

Recession in Heavy Industries

A second factor affecting steel demand is the almost complete collapse of the new issue market. This market has at no time this year been robust; but within its narrow confines it was still in being. The chaotic markets of September arrested even this limited activity, and issues offered several weeks back are still unplaced. To date, therefore, such recession as has appeared in business is still capable of isolation for observation. There has been an abrupt decline in steel operations, largely traceable to conditions in the railroads, which in turn depend

upon administrative decisions in Washington. There has been a less conspicuous suspension of other corporate ordering, which in turn is more or less traceable to the state of the new issue market, which in its turn has been paralysed by the disconcerting behaviour of the stock market. In other words, the malady is at present confined to the heavy industries.

As yet, there is no evidence that the consumer industries have been similarly infected. Retail trade in September appears to have been fairly good. The data also suggest fairly strongly that the volume of consumer demand is now limited by the stiff increase in prices. Another significant item of consumer demand is shown in the statistics of deliveries of motor cars to retail dealers. These were exceptionally high in September, as in August; but in some measure they are attributable to the announcement of increased prices for the forthcoming new models.

Is the Setback Temporary?

To sum up the business situation in the first week of October: there are evidences of a material reduction in corporate demand, its incidence falling on the heavy industries; and there are evidences that consumer demand, while still maintained, apparently ceased to expand some time back. To explain the former, one may refer to factors which influence the formation and flow of capital funds. To explain the latter, one may refer to the rise in prices. The first distinct check came in residential building, when would-be home-builders could not meet the steep mark-up in costs; the data suggest that something of this sort is now appearing in retail trade generally, although on a less pronounced scale.

It must be remembered that these changes have occurred so abruptly that opinion is still divided about the significance of the data. The last month for which statistics are available is August—and that showed the level of prosperity was being still maintained. Even in September, only two really alarming indices could be detected (apart from the capital markets themselves). These were the decline in the rate of steel operations, and the accompanying fall in commodity prices—both becoming most marked after the middle of the month. The decline in primary commodity prices has now obliterated all last winter's rise, and brought them back to something like the level of a year ago. The whole episode of higher primary prices was so brief that it would be hard to say to what extent they became incorporated in the economic structure. Furthermore, in the case of agricultural commodities, there is the compensation of larger crops. For example, at current prices, our cotton crop of 17,500,000 bales is worth (with the subsidy) more than last year's. In some industrial raw materials, the higher prices were written into the wage structure.

The implications of the sudden decline in steel operations are largely conjectural. As was said earlier, the decline in steel demand is attributable to a considerable degree to two specific causes, both of which may or may not be more than temporary. Otherwise, the current level of steel operations would be indicative of a sudden depression in the capital goods industries. On any interpretation, it is now clear that our economy underwent an abrupt and severe, although perhaps temporary, change in September; and that this change involves two fundamental considerations. One is associated with changes of relationship within the price structure—a change in process over some months, in which primary prices fell while prices of goods to the consumer rose under the influence of higher labour costs. The second is associated with the processes of the formation and flow of capital, and involves questions of profit margins and of the incidence of corporate and individual taxation.

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France

The Franc Rallies

PARIS, October 21.—The second ballot in the cantonal elections, as expected, was in favour of the "pause" recommended by the Government. This expression of public opinion, coming at a time of strong depression in foreign markets, had a favourable effect on the franc. The holders of flight capital are being impressed by the less favourable reports from New York and London about economic prospects in both countries; and the opinion is expressed that—unless the slump becomes too violent—France could take advantage of these difficulties, as she did at the beginning of the great depression. Political and social conditions seem more and more stabilised at home, and the Government is now ready to amend the recent social laws. Accordingly, the franc has appreciated steadily to 146½, compared with 151 before the elections.

The moral of these elections is that the 1936 voting was primarily a reaction of injured interests against the deflation policy, but in no sense a revolutionary movement. This has previously been evident in the lack of progress of the Communists, whose success lasted no longer than the acute crisis. High prices for farm products have calmed the farmers, paid holidays have placated the workers, and a general desire for peace and security has done the rest. The signs of this new state of affairs are the beginnings of a return of capital and a better feeling in the Conservative Press.

The rise in the prices of French products which continues (the index rose from 636 to 644 last week) is again compensated by the slump in the prices of imported products (this index fell from 590 to 576). The general index remains stable at 620, compared with 619 a week ago.

Increased Import Surplus

But there remains the import surplus. Foreign trade in September shows an increase of 327 million francs in the value of imports and of only 213 million francs in the value of exports.

	Aug., 1937	Sept., 1937
	Francs ('000 omitted)	Francs ('000 omitted)
Imports:—		
Foodstuffs	780,327	841,398
Raw materials	1,861,102	2,113,027
Manufactured goods	516,820	531,193
Totals	3,158,249	3,485,618
Exports:—		
Foodstuffs	229,272	269,387
Raw materials	668,483	771,991
Manufactured goods	963,603	1,032,927
Totals	1,861,358	2,074,305
Import surplus	1,296,891	1,411,313

Figures of volume, however, show that the increase in exports is greater than the increase in imports. The increases were 162,000 tons and 91,000 tons respectively. Moreover, exports to foreign countries were 18 per cent. more in value than last month, while imports from foreign countries were only 11½ per cent. more. It appears that the increase in the import surplus mainly arises from trade with colonies. The import surplus in trade with foreign countries seems to have been nearly stabilised for three months at about 1,000 million francs.

For the first nine months of 1937 the import surplus was 13,000 million francs, compared with 6½ millions in 1936. Imports were valued at 30,000 million francs, compared with 17,400 millions in the same months last year; exports were valued at 16,800 million francs, compared with 10,600 millions. Figures of volume show an increase of 23 per cent. in imports and of only 4 per cent. in exports.

Inadequate Invisible Receipts

France cannot continue for long with a monthly commercial deficit of 1,000 million francs when her other sources of revenue cannot cover such a sum. The balance of accounts in 1936, just published in the *Revue*

d'Economie Politique of Professors Rist and Pierre Schwob, is as follows:—

	Credit Francs ('000,000 omitted)	Debit Francs ('000,000 omitted)
Foreign trade	...	11,675
Freight	1,680	...
Insurance	120	...
Transport	260	...
Remittances of foreign workers	...	940
Tourism	1,190	...
Interest	5,375	...
	8,625	12,615

The deficit was thus 3,990 million francs, compared with a net credit of 12,000 millions in 1927 and 1928, 8,000 millions in 1929 and 5,000 millions in 1930, and a net debit of 2,000 million francs in 1931, 5,000 millions in 1932, 2,850 millions in 1933, 1,140 millions in 1934 and 700 millions in 1935.

Most of the items of the balance were improved in 1936 as a consequence of the devaluation of the franc and an increase of 20 or 25 per cent. in the number of tourists. But the import surplus (colonies included) was doubled for the first time between 1935 and 1936, and almost doubled again between the first months of 1936 and 1937. So that it seems that, in spite of the improvement of tourism and other sources of revenue, due to devaluation, the balance of accounts has again deteriorated. Such a situation can only be corrected by a return of expatriated capital at once, and in the future by an improvement of economic conditions in France.

Germany

Weak Share Market

BERLIN, October 20.—The share market recovered temporarily on the announcement of the German-Belgian neutrality agreement, but for five days of last week was reactionary or undecided. The Belgian agreement failed to foster any general optimism about international affairs; and, it was noted, attracted relatively little attention abroad. Foreigners sold German securities. Among the weakest was Reichsbank, which is largely held abroad. These shares dropped temporarily to 200, which was the more remarkable because there was fresh talk about the distribution of the impounded dividends for which the Reichsbank is one of the chief claimants.

Latest official statements about the progress of the Four-Year Plan are favourable. According to the General Staff Officer who is head of the Office for German Raw and Workshop Materials some 30 per cent. of the capital so far invested in Plan undertakings was provided out of the existing resources of industry, about 50 per cent. by means of new debenture or share flotations, 8 per cent. by credits from bank syndicates, and perhaps 12 per cent. out of public funds. "The first year of the Plan," says this authority, "has been 100 per cent. successful." Only for large Plan undertakings is the capital market now open. The director of the Nazi Party's Commission for Economic Policy has come out against the taxing away of industrial profits

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in order to reduce prices with the tax-yield; and urges rather an automatic reduction in prices by increasing the volume of output.

The chief change in prices is a sharp fall in non-ferrous metals. The Food Minister estimates this year's potato crop at 52½ million tons, which is 6 million tons more than in 1936. This crop has been satisfactory in all recent years, though rather smaller than in 1932. Before the War the potato crop, in the present area (excluding the Saar District) averaged 38 million tons. The large crop this year will materially alleviate the food and fodder problems.

Changing Trade Trends

The foreign trade return for September shows an active balance of Rm. 32 millions, compared with Rm. 59 millions in August, and Rm. 75 millions in September, 1936. This is the fifth successive month with a less favourable balance than the corresponding month of 1936. As compared with the first four months the balance has much deteriorated; and the movement in this respect has been contrary to that of 1936.

(Millions of Marks)		
	1936	1937
	Export Surplus	
January-April	87	206
May-September	234	105
Totals	321	311

The shrunken active balances were intentionally brought about by granting "exchange certificates" more liberally to importers. It is in the Reich's interest to replenish the home stock of raw materials and food-stuffs rather than to accumulate gold or exchange, which is no longer needed as currency cover, and which, indeed, when it does temporarily accumulate, is not booked to the Reichsbank's reserve. The September return shows a new outflow of gold; and of the Rm. 146 millions of precious metal imported in the first nine months, nothing now remains. Indeed the gold export exceeds the imported sum by Rm. 9 millions. This loss is not shown in the Reichsbank's return. The Reichsbank keeps its stable Rm. 70 millions of gold as an ornamental fig leaf of unchanging exiguity, while other gold-holding departments often have whole cupboards of gaudy garments, and sometimes, as the new trade return implies is now the case, have not even the fig leaf.

In September, compared with August, both import and export values declined. The decrease of 4 per cent. in imports was only in slight measure due to falling prices; and the decrease of 9 per cent. in export values occurred in spite of a slight rise in prices. The decline in imports was seasonal; the decline in exports, contrary to seasonal precedent; but one factor was the abnormal rise in exports in the two preceding months. In September a factor was the suspension of the export of ships. The value of exports, Rm. 494 millions, nevertheless, compares favourably with the Rm. 412 millions of September, 1936. Exports to Europe were better maintained than to America and Asia; to Italy they rose sharply.

On June 30th the total debts of the states were returned at Rm. 2,328 millions, of which Rm. 208 millions were in foreign hands. The debts of the Hanse cities were Rm. 578 millions, of which Rm. 76 millions were in foreign hands. Of the states debts, 51.2 per cent. are at long-term. Both state and Hanse debts continue to decrease slowly. The divulged Reich debt in August was Rm. 16,926 millions, which is Rm. 1,500 millions more than in August, 1936. After affirming that the Budget is balanced, the *Deutscher Volkswirt* adds that this is due to the booking of extraordinary revenue, which has involved short-term borrowing.

It is added as some compensation for the ever increasing interest burden that re-armament has now progressed so far that an alleviation of the Budget can be foreseen. The need for really repaying the Reich's bill debts out of the increased tax revenue, which has always been the ostensible programme, is emphasised.

Czechoslovakia

Prospects of Increased Expenditure

PRAGUE, October 8.—Political uncertainty in the Mediterranean and the Far East is exerting a marked influence on the economic situation. On August 18th diplomatic relations between Portugal and Czechoslovakia were severed owing to differences arising out of deliveries of arms. In August the Chinese Finance Minister, Dr H. H. Kung, concluded a credit agreement with the Skoda Works for the purchase of goods amounting to Cz.Kr.420 millions.

President Masaryk's death stifled economic and political controversy. The most important question now is the Budget. Parliament has just been presented with the balance of State revenue and expenditure for 1936, which shows a deficit of Cz.Kr.760 millions. The budgeted expenditure amounted to Cz.Kr.846 millions, and the non-budgeted expenditure to Cz.Kr.3,525 millions. State indebtedness rose in 1936 by Cz.Kr.5,603 millions to Cz.Kr.45,527.4 millions, including foreign debts to the value of Cz.Kr.7,495.3 millions. The increase was due partly to expanded expenditure, especially for defence purposes, partly by the consolidation of State debts and the devaluation of the Czechoslovak crown. Despite the economies proposed by the Finance Ministry and the Parliamentary Saving Committee an increase of more than Cz.Kr.1,000 millions is expected in the forthcoming Budget because of necessary expenditure on arms. This increase will be balanced partly by increased revenue from direct taxes, including especially the extraordinary profits tax, and partly by the introduction of some new consumption and indirect taxes.

In the autumn the money market tightened a little owing to growing demand, and deposits rose. The Stock Exchange responded, soon after the improvement of quotations in the summer, to the world situation by a substantial decline in share prices. This was directly due to the decline in the price of raw materials, the disquieting international situation and uncertainty about the Government's intentions in financial matters. In the second half of September a sharp decline in share quotations set in; and the Stock Exchange index declined between July and September 24th from 132.3 to 138.5.

Progress of Agriculture and Industry

The index of wholesale prices in September stood at 755, and shows a slight decline compared with the July figure of 763; a year ago it was 693. The wheat harvest was poorer than last year. The yields of other crops were slightly better than last year. It is expected that next year there will be no surplus, whereas last year 23,000 trucks of wheat and 3,200 trucks of flour had to be exported at a loss. The timber market shows a declining tendency and some accumulation of stocks. Industrial activity is satisfactory; the August index was 99.2 (1929 = 100).

The output of coal in August amounted to:—

	1936	1937
	(in '000 tons)	
Coal	921.4	1,567.8
Lignite	1,250.0	1,495.9
Coke	158.0	302.6

The production of pig iron was 149,923 tons, compared with 97,408 tons a year ago, and the output of raw steel was 199,856 tons, compared with 139,312 a year ago.

The beetroot harvest is expected to yield a smaller percentage of sugar this year. The area under cultivation has been increased by about 14 per cent.; the yield is estimated at 7 million quarters of raw sugar, of which 3.4 million quarters is destined for export. The heavy demands and from new investments, renovations and modernisation of plants in other industries. Building is unusually active. The position of the export industries has improved substantially and is reflected in the increase of foreign trade.

Foreign trade improved greatly compared with last year. Imports from January to August amounted to Cz.Kr.7,060.5 millions, compared with Cz.Kr.4,616.8 millions a year ago; and exports to Cz.Kr.7,499.5 millions, compared with Cz.Kr.4,764.7 millions a year ago. The export surplus (excluding precious metals) was Cz.Kr.430.0 millions, compared with Cz.Kr.147.8 millions in the same months of 1936. New commercial agreements with Jugoslavia, Belgium and Germany have come into force, and a new agreement has been concluded with Hungary. New adjustments in commercial intercourse will shortly be negotiated with the United States, Germany, Poland, Italy, France, Latvia, Lithuania, Mexico, Ecuador, Peru and Paraguay.

Sweden

Will the Boom Last?

STOCKHOLM, October 1.—Will the boom last, or has Sweden passed the peak of the exceptional business expansion of the last few years? This question is anxiously put by producers, wholesalers, retailers, employers and employees. The general world outlook is uncertain. But in Sweden there are no signs of any slackening of the upward trend. Nevertheless, developments in other countries, particularly in Great Britain, chief buyer of Swedish products, determine the business trend in this country, and no efforts have been spared by the business world in Sweden to be prepared for a period of depression. The country is far better prepared now than in 1929 to meet less prosperous conditions.

The only symptom of a change in the present boom is the marked decline on the Stock Exchange. On the Stockholm Bourse there was a decline of the index of share values from 180.5 at the beginning of August to 172.7 in the middle of September (100 = par value). There are no domestic reasons for such a fall, and the reaction must be entirely ascribed to the weakness of the London and New York stock exchanges.

On the whole, economic conditions continue to be satisfactory. The general index of industrial production, which steadily rose during 1936 and 1937, remained unchanged at 119 in July. Foreign trade in August, in spite of a slight fall in exports, showed a considerable export surplus. Trade figures for the first seven months were as follows:—

FOREIGN TRADE (In million kronor)		
	1936	1937
	January-August	
Imports	1,013.9	1,355.2
Exports	924.7	1,214.9
Import surplus	89.2	140.3

TRADE WITH THE UNITED KINGDOM (In million kronor)		
	1936	1937
	January-July	
Exports to U.K.	191.9	234.3
Imports from U.K.	171.2	219.9
Export surplus	20.7	14.4

Of exports to the United Kingdom, valued at Kr.234.3 millions, goods consumed in the United Kingdom were valued at Kr. 218.6 millions, and the balance was goods in transit. Of the retained exports valued at Kr. 218.6 millions, pulp accounted for Kr. 68.8 millions, timber for Kr. 57.7 millions, and metals for Kr. 25 millions.

Prices, Wages and Costs

The rise in prices, which at the beginning of the year aroused fears of coming inflation, has for the time being come to an end. The Silverstolpe index of wholesale prices, which rose steadily after May, 1936, remained unchanged in August at 143 (100 = 1913). The general index of prices for consumption goods has practically not changed since June, and at present stands at 104.6 (100 = September, 1931).

Of the main staple articles pulp is in good demand, with rising prices; and of the 1938 production of chemical pulp about 80 per cent. has already been placed. Not quite so satisfactory are reports from the timber trade. Demand from the United Kingdom has lately been smaller than was expected, because of increased sales of Russian goods. Iron and steel works continue to run at full capacity, and have orders for at least another eight months. Nevertheless, imports of iron and steel to Sweden increased during the first seven months of the current year by roughly 50 per cent. compared with the corresponding period in 1936.

A question of outstanding importance for the future development of industrial production and trade is the labour question. This is now entering a decisive stage: agreements affecting about 200,000 workers in the main Swedish industries expire at the end of this year, and notice of their cessation must be given during September and October. While some of these agreements will simply be renewed after revision and modification, others will probably be denounced. Because of the rise in the cost of living since the present agreements were reached two years ago and the increased profits of industrial concerns in general, workers will certainly press claims for higher wages. Employers on their side point out that increased production costs will necessarily entail higher prices, which will weaken the competitive position of Swedish goods and precipitate a decline in industrial production and trade.

Unemployment has practically disappeared, and the number of unemployed now stands at 10,000, compared with 21,500 at the corresponding date in 1936. In addition, the usual shortage of skilled labour demands for hands in agriculture and the building trades cannot be satisfied; and the Government is considering the import of workers from other Scandinavian countries.

Argentina

Parliamentary Arrears and the Railways

BUENOS AIRES, October 12.—Public interest in politics which was aroused by the Presidential election has subsided. Nevertheless, the country is faced with a grave issue. The Government lacks a majority in the Federal Chamber of Deputies. Elections for the part replacement of the Chamber are due to take place next March. If the election is free, the result is likely to increase the number of Opposition deputies. Should the polling be what has come to be known as "regulated," there will be at least public resentment, and possibly crisis. The newspaper *La Prensa* recently announced that in circles close to the Government the possibility of modifying the electoral law had been discussed. It added that since 1929 the country had endured successive violations of the electoral law, in consequence of which a solution of the problem was now far from simple.

Many important bills, including next year's Budget, remain unsanctioned. A serious complication has arisen in connection with the Córdoba Central Railway. On June 19th the Government restored cuts in salaries and wages at its own expense until the end of September, by which time it was hoped that Congress would have

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dealt with the bill for the purchase of the railway. The wage cuts have again been enforced, and the workers threaten to strike. Both the company and the men have a strong case, and only the failure of the parliamentary machine to function is to blame.

Negligible Wheat Shipments

In September, exports for the first time this year were lower both in volume and in value than in the corresponding month of 1936. They were 1,305,054 tons compared with 1,649,800 tons last year, and the value was 158,109,336 pesos compared with 160,968,202 pesos. This decline is mainly due to negligible wheat shipments last month, there being scarcely any old wheat available for export. There was a great increase, however, in exports of frozen beef, which totalled 11,349 tons compared with only 2,846 tons in September, 1936. The volume and value of exports during the first nine months of 1937, together with the corresponding figures of the last two pre-depression years, were as follows:—

Year	Tons	Pesos (Market value)
1928	13,571,544	1,882,869,652
1929	13,683,817	1,671,378,230
1937	15,053,750	1,871,048,961

Compared with the same period of last year, exports in the first nine months of this year rose by 52.8 per cent. in volume, and 65 per cent. in value. That last month's exports were lower than the same month of 1936 can be understood when it is recalled that this time last year the Argentine export boom had already begun. The outlook for exports remains promising. The high prices of cereals which have ruled during the last fifteen months seem likely to last as long as the political situation in the Old World remains undisturbed. The trend, in fact, is upward. On October 9th, wheat was quoted at 15.80 pesos, maize at 6.83 pesos, and linseed at 16.20 pesos spot per 100 kilos compared with 14.25 pesos, 6.55 pesos and 15.90 pesos a month earlier.

Declining Export Surplus

Imports show a definite though irregular upward tendency, and in August the favourable visible trade balance was very small.

(In Argentine pesos)

Month	Exports	Imports	Export Surplus
May	180,218,650	108,442,346	71,776,304
June	153,924,793	122,235,467	31,689,326
July	155,932,952	149,536,067	6,396,885
August	147,114,738	144,042,845	3,071,893

The shrinking of the export surplus need not be viewed with pessimism. There is reason to expect that exports will soon rise again. The prospects for the coming Argentine crops are, on the whole, quite good, and with the high prices at present ruling for cereals there is promise of another prosperous season. In the next six months Argentine economy is more likely to be influenced by events abroad than by anything that can happen here.

Imports for the first eight months of the year were 32.6 per cent. higher than in the same period of 1936. The biggest positive increase has been in iron and iron goods, which rose 44,887,336 pesos in value, or 53.2 per cent., followed by machinery and vehicles, which rose 35,534,009 pesos in value, or 54.5 per cent. Textiles showed proportionately the smallest increase of all imports with only 12.3 per cent., the actual rise in value being 20,910,967 pesos. This is mainly due to the exceptional time-lag between the order for textiles and their sale to the consumer.

Canada

Politics in Ontario and Alberta

OTTAWA, October 9. — The provincial election in Ontario resulted in a sweeping victory for the Liberal Ministry of Mr Hepburn. Mr Hepburn, two of whose Ministers were beaten, will have to alter his Cabinet; but he now has a decisive mandate to go ahead with his power policy and his investigation of the succession duty frauds. He has made his peace with the King Cabinet, but how long it will last is another matter. Meanwhile

the Aberhart Ministry has been busy at Edmonton passing a series of Bills which constitute a fresh challenge to the authority of the Federal Ministry. In addition to the Bill which proposes to mulct the banks in a special levy of \$2,100,000 per annum, what is virtually a replica of the Banking Bill disallowed some months ago by the Federal Government has been passed; in the new Bill the words "credit institution" is substituted for "bank" and there is no provision for licensing bank employees.

An Astounding Press Law

An even more daring adventure in Alberta's legislation is a Bill described as "An Act to ensure the publication of accurate information," which empowers the chairman of the Social Credit Board to compel any newspaper published in the province to print statements explaining, clarifying and defending the policies of the Government. The chairman will also be able to demand from any newspaper the sources of information, with names and addresses, on which any statement published in its columns is based and the names of the writers of any editorials, articles or news items.

Heavy penalties, and even suspension of publication, are proscribed for infractions of this extraordinary law. It was vigorously opposed by the Opposition, who denounced it as a barefaced attempt to muzzle the Press and imitate methods of dictatorships. But Ministerial spokesmen declared that it was needed to secure truth and accuracy in the Press. It has evoked a barrage of indignant editorials from the whole Press of Canada. In all, eleven Bills were passed by the Legislature, and the Lieutenant-Governor withheld his assent from the two banking Bills and the Press Bill, presumably on the advice of the Federal Government whose appointee he is. The three challenged Bills are now before the King Cabinet, which has promised to hear representations from the Alberta Ministry about them, but is certain to disallow at least the two banking Bills.

The Aberhart Ministry is evidently determined to have no further dealings with Ottawa, as it got the Legislature to pass a resolution to the effect that it should not submit any case to the Royal Commission on Dominion Provincial Relations because its personnel was hopelessly biased against any unorthodox monetary experiments. The Commission is to begin its public hearings at Winnipeg early in December and will also sit at Edmonton, where arrangements are being made for briefs about the situation in Alberta to be submitted by various organisations.

Trade Agreements and Prosperous Business

The King Government has recently renewed and amplified its trade agreements with Australia and New Zealand. The main alterations in each take the form of concessions in the Canadian tariff schedules designed to meet the complaints of the two Antipodean Dominions that the balance of trade against them with Canada was inequitable.

In the business world there still continues the curious paradox of stock markets badly depressed and the level of business activity well maintained. The general economic index of the Bureau of Statistics, which stood at 113.0 for the week ended September 19th, fell sharply by more than 3 points in the following week to 110.4, but for the week ended October 2nd recovered slightly to 110.6.

Autumn business is satisfactory, and the belated start made with the buying of seasonal clothing and other goods owing to fine weather is now being made up. Retail sales are about the same as a year ago, but merchants are cautious about accumulating heavy stocks of goods. The heavy industries continue to be very busy, and there are few manufacturing plants which have not a reasonable amount of orders on hand, but in some lines signs of a recession are seen ahead. The latest employment bulletin of the Bureau of Statistics shows a further gain in employment in August; and the employment index on September 1st stood at 123.2, compared with 120 on August 1st and 107.1 and 102.7 on August 1, 1936, and August 1, 1935, respectively.

Letters to the Editor

"The Under Privileged"

TO THE EDITOR OF THE ECONOMIST

SIR,—Mr Grant Brown writes in your issue of October 9th: "A rise in prices, unless it results from scarcity, does not as a rule reduce real wages if wage earners get the same share as before of the earnings of industry." This may be true, but does not carry us much further. If prices rise and real wages are to remain at the same level money wages must also rise, and if money wages rise prices tend to rise further. There is an intimate connection between the rate of wages and prices. One cannot escape the vicious circle.

The question whether a greater or smaller volume of money ought to be created to facilitate the exchange of goods and services appears to obscure the real issue. You cannot produce social justice by tinkering with the medium of exchange. This is where the advocates of social credit have gone off the rails.

There are two partners in production, the worker, including all who work with brains or muscles, and the investor. Neither can do without the other. Both partners run risks. The investor may fail to win dividends or may lose his capital. The worker runs the risk of unemployment or of physical injury or sickness. The risks run by the worker create for him a greater feeling of insecurity than those run by the investor create for him.

Turning to economic rewards we find an essential difference between the two partners. Once the worker's capital is worn out he gets no further reward. When he can no longer work his wages cease. When the investor's capital is worn out his reward does not necessarily cease. It may continue indefinitely. His dividends may have mounted to a total many times larger than his original contribution, but the claims of himself and his successors to future dividends may still live. The cause of this is that our system makes one partner the sole owner of the organisation created by the joint efforts of both. In this difference of treatment lies one of the roots of injustice in our present system and the cause of our entanglement in the vicious circle.

Yours faithfully,

C. V. BRAYNE.

Wolverley,
Little Bookham, Surrey.

Industrial Profits

TO THE EDITOR OF THE ECONOMIST

SIR,—The article in your last issue, and the diagram illustrating the division of company profits, were most interesting. The diagram and text would have been more interesting if you had carried your analysis further back. The theories which it would prove or disprove are that during the last three years industrial financial policy has differed from that of the years prior to 1925–30 in two respects. There has been a tendency, particularly in the industries most susceptible to boom and slump, to broaden the capital structure—that is, to reduce the proportion of earnings which is taken by debenture and preference capital; and there has been a tendency to be more conservative, in the same industries, in the division of earnings.

The degree to which the purchasing power of raw material producers has over the last four years been devoted to improving the external liquidity of those countries, rather than to an immediate increase of purchases, does not seem to have been sufficiently emphasised. This increased purchasing power, which the recent fall in commodity prices has served to diminish but by no means to extinguish, is likely to show fairly soon in a substantial increase in exports of manufactures from this country. Commentators have, in general, glossed over the relatively greater increase in United Kingdom imports than United Kingdom exports disclosed by recent figures. The consideration raised here does help to explain it, and, I think, makes it seem probable that before long the relative tendencies of export and import trade will be reversed.

The period over which re-armament expenditure will act as a stimulus to home production is, I think, generally exaggerated. Many of the learned say that they cannot imagine a substantial industrial recession while re-armament expenditure unbalances the Budget to the present degree. Surely the greater part of the stimulus has operated, not through the greater circulation of the money to be spent by the Exchequer, but by capital equipment laid down by

industry to meet this demand. There are signs already that this capital expenditure is tapering off; and obviously to maintain the tempo of the capital expenditure, the rate of expenditure by the Exchequer must go *semper accelerando*, and while *semper accelerando* may eventuate, it is not yet generally predicted.

Yours faithfully,

GEORGE WANSBROUGH.

London, E.C.

Dissensions in Prague

TO THE EDITOR OF THE ECONOMIST

SIR,—After my return to Prague from a long journey in Europe, I had occasion to read your article "Dissensions in Prague," published in *The Economist* on August 21st. As the author of the article in "Venkov" mentioned in your article as a "sensation" and a "bombshell," may I be allowed to state my views in a few words.

Our intentions were not to make a sensation or even less to direct a bombshell against the Foreign Minister. We simply expressed our opinion on a serious point about our relations to Germany in the present European crisis. We did not propose to ask Germany to recognise the frontiers of the Czechoslovakian State. Recognition of this boundary was already stipulated in the Versailles Treaty. But we suggested the inclusion of this recognition in a new convention with other articles as a reinforced security between the two countries. That is a very different thing.

We are not, and cannot be, opposed to the policy based on collective security and even less to solidarity with the Little Entente. Our aim is only to supplement the existing guarantees by some sort of agreement—as England is trying to do with regard to Locarno—in which Germany could participate in the appeasement and conciliation of Central Europe.

Yours sincerely,
"GIRIUS."

Prague.



Pembroke Castle, Pembrokeshire.

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'Three Castles.'"

W. M. Thackeray—"THE VIRGINIANS."

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Books and Publications

A Confession of Faith

Even more conspicuously than in his recent book "Economics in Practice," Professor Pigou demonstrates in these nine short essays* his remarkable talent for combining sobriety of thought with graceful popular writing. A mute inglorious Cobden, one feels, has long been hiding his light under the thicket of the differential calculus.

"It is not the business of an academic economist," Professor Pigou believes, "to stand advocate for or against any political programme." But it is his business to "set out in an orderly way the dominant considerations, so far as they are academic, which are relevant to the argument." Socialism, Professor Pigou first points out, means to some people the public ownership of property incomes, and to others the "planning" of production. He thinks, however, there is a logical connection between the two, because steeply graduated death duties and income tax, the appropriate democratic remedy for inequality, could more safely be applied by a Government which held the more important economic controls.

Professor Pigou observes that inequality of income, imperfect competition, and particularly advertisement, so distort the working of the price system as to prevent an allocation of resources in any close correspondence with needs. This consideration "provides a valid argument for extending the range of socialisation." Again "for tackling the problem of unemployment, a Socialist system, with central planning, has definite advantages over a capitalist one." On the score of "profits and technical efficiency," Professor Pigou doubts whether the public joint stock company has much advantage over the Socialist public board; but the private company definitely encourages enterprise more keenly. Here "the comparison must turn on the detailed circumstances of each case." About the "problem of incentive," he concludes—perhaps rather surprisingly—that "Socialism should be allotted, I think, some more marks than its rival."

Finally, Professor Pigou tackles the problem of costs, interest rates, and the allocation of resources in the Socialist State. He shows here how a theoretical solution could be found by the calculation of an "accounting" wage, salary and interest rate for costing purposes, and the simultaneous payment of equal wages. He evidently does not, however, think this very practicable. Summing up, the author remarks that the issue cannot be finally decided by pure demonstrative argument. We must "take the plunge and judge." For this, practical experience and instinct are necessary, which "the present writer, like most academic persons, does not possess"; though "unlike some academic persons, he is aware he does not possess them."

* "Socialism versus Capitalism." By A. C. Pigou. Macmillan. 139 pages. 4s. 6d.

SOCIAL JUSTICE FIRST

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To say nothing, however, is "to declare ourselves in advance opponents of any change." So a "confession of faith" must be offered.

If then it were in the writer's power to direct his country's destiny he would accept, for the time being, the general structure of capitalism, but he would modify it gradually. He would use the weapon of graduated death duties and graduated income tax, not merely as instruments of revenue, but with the deliberate purpose of diminishing the glaring inequalities of fortune and opportunity which deface our present civilisation. He would take a leaf from the book of Soviet Russia and remember that the most important investment of all is the people. To advocate "economy" in this field would, under his Government, be a criminal offence.

All industries which affect the public interest, and capable of wielding monopoly power, he would subject at least to public supervision and control. Some of them, certainly the manufacture of armaments, probably the coal industry, possibly the railways, he would nationalise, not, of course, on the pattern of the Post Office, but through public boards or commissions. The Bank of England he would make in name—what it is already in effect—a public institution.

If all went well, further steps towards nationalisation of important industries would be taken by degrees. In controlling and developing these nationalised industries, the Central Government would inevitably need to plan an appropriate allocation for a large part of the country's annual investment in new capital.

Finally, in his "political testament," Professor Pigou would recommend the "path of gradualness." But he would "add, in large capitals, a final sentence, that gradualness implies action, and is not a polite name for standing still."

Shorter Notices

"Adam Smith." By W. R. Scott. (Glasgow) Jackson, Son and Company. 445 pages. 30s.

To celebrate the two-hundredth anniversary of Adam Smith's matriculation at the University of Glasgow comes Professor Scott's long-awaited documentation of his life and work. The account of Adam Smith's successful if unexciting career makes most interesting reading; but the main interest of this handsome and expensive book lies in its 300 pages of documents. Legal and university papers, letters, lecture-notes, an early draft of "The Wealth of Nations," and handwriting facsimiles, make a fascinating collection. In all, we gain a new insight, not merely into the daily round of the father of Political Economy, but more especially into his life and times as shown in the many-sided activities of academic Scotland in the 18th century—when academic England was in decline and a fit target for Rowlandson and a thousand detractors.

Co-operation of Rural Reconstruction in India. By M. Karamullah Khan, B.A., L.B.

This book is a very useful addition to the rapidly growing literature about rural regeneration in India. The author deals with the historic background; the evolution of the Indian villages through the ages in the Hindu, Islamic and British periods; their present condition; and the importance of the ancient *Panchayat* system in contributing to the cohesion and solidarity of the village communities in the past and its potentialities for the future. Mr Khan emphasises the part that co-operation must play in India's rural reconstruction. He stresses the crying need for a band of willing voluntary workers and for financial assistance, governmental and otherwise.

Books Received

A Tribe in Transition. A Study in Culture Pattern. By D. N. Majumdar. (London) Longmans, Green and Company, Ltd. 216 pages. 10s. 6d. net.

The Motor Industry of Great Britain, 1937. (London) The Society of Motor Manufacturers and Traders, Ltd. 83 Pall Mall, S.W.1. 180 pages. 5s. net.

Our California State Taxes. By H. Dewey Anderson. (London) H. Milford. 305 pages. 12s. 6d. net.

MONEY AND BANKING

Property and War Risks

EXCEPT in certain parts of the American Continent, no company or underwriter will insure a building against war risks. The property market in this country is slowly realising the significance of that fact.

The history of war insurance since 1914 may be briefly summarised. When the Great War broke out the Government produced immediately its scheme for the insurance of war risks at sea, and the staff work done before the war was of incalculable value to our commerce in the unsettled days of August and September, 1914. All cargo in British bottoms could be covered at the Government's war risk office at a flat rate; and throughout the war it had to be taken by the Government at whatever rate was current at the time of shipment. But the scheme was not a business proposition in the money-making sense; for the marine market was at liberty to compete as it willed with the State, while the State had little or no power to compete in the market. Everything went to the Government when the risk was heavy and nothing when the risk was light. As a natural consequence, the Government account closed at the end of the war with a heavy loss, and the lesson is not likely to be forgotten if ever war breaks out again.

Before the last war had gone very far the public realised that war risks were not confined to the sea. Inquiries, accordingly, came to the insurance market for cover against damage by hostile aircraft, and for this risk, in the early days, the Government was not a market. As the tariff offices did not feel justified in quoting, the whole of the business was concentrated on Lloyd's, which soon began to suffer from a congestion of orders which forced rates up to a high level. The Government then intervened, and by a clever device arranged with the tariff offices that they should act as agents for the Government and issue policies against aircraft damage on which the liability would be not theirs but the State's. Business was both brisk and profitable, and in November, 1918, the Government was left with a substantial credit balance. By a curious coincidence, the rate of premium finished at 2s. per cent., the exact figure that Lloyd's underwriters had first quoted in the early months of the war.

From 1918 to 1936 the market pursued a normal course. It quoted, if it chose, for whatever risks came its way, and made, on the whole, a steady profit, which left many insurers satisfied, but a number of companies and underwriters became increasingly concerned at the possibilities of disaster inherent in the business. With the outbreak of the civil war in Spain, this concern became general. Given the new weapons of destruction and the new recklessness of combatants and politicians, where would the business end? So acute was the anxiety that something almost miraculous happened—an agreement was arrived at between British and foreign companies, between tariff and non-tariff insurers, and between underwriters and offices, to exclude altogether from their business all war risks on land. Sea-borne traffic (where the limit of any one loss is limited by the value of one ship and cargo) might still be insured; but buildings and property ashore have for nearly twelve months been uninsurable. So they will remain until the outbreak of the next war, when insurers will probably regain their liberty of action—if they care to use it. To the market in general the agreement has brought a great sense of relief, which grows daily as old insurances run off without being renewed. At Shanghai, incidentally, one large warehouse of great value had been covered on a three years' contract which

expired last month. Three days before the expiry a shell hit it, went through several stories, and failed to explode.

Property owners did not at first take the change very seriously—probably because they took for granted that the Government had a scheme in a convenient pigeon-hole and would offer to take the business in this country the moment the need was urgent. But last May that belief was shattered by the then President of the Board of Trade, who, in reply to a question, declared in effect that the Government had decided to do nothing, being of the opinion that the most effective protection lay in re-armament. In this reply there was perhaps some confusion of thought, for protection against a risk is not the same thing as insurance against loss caused by a risk. Our aeroplanes may rise in their hundreds to meet the enemy, but some raiders will get through; and it is not a comforting thought to property owners that the damage the raiders do must be borne by the owners of the buildings destroyed. It is satisfactory to know that the raiders will have their work made more difficult; but it would be still more satisfactory to be assured that, if and when they score a hit, the loss will be made good by a reliable insurance policy.

When Mr Runciman gave his enormously important answer in the House of Commons surprisingly little notice was taken of it. But as policies have subsequently run off, one by one, and as talk of war has grown louder, the general public has begun to feel a certain disquietude. Indeed, the anxiety felt by cautious underwriters while the risk was being written transferred itself to the minds of property owners and mortgagees as the risk ceased to be written. One attempt has certainly been made to start a scheme of mutual insurance, but the funds appear not to be proportionate to the risk. This month, a life insurance company, the Equity and Law, which is widely interested in mortgages, took the unusual step of forwarding to the Prime Minister and to the Press a resolution passed by the board which should bring the dilemma unmistakably home to all merchants, property owners and mortgagees. The resolution ran thus:—

The Society [the Equity and Law] has from time to time made advances on mortgage of freehold and leasehold property in London and elsewhere upon such risks (acts of war) being covered as has hitherto been the case by insurance; and in the absence of such cover the Society has felt compelled to postpone consideration of certain applications for such loans upon property in areas more particularly liable to the risks in question. The Society submit that as war and its consequences concern the whole nation the Government should assume the responsibility for damage caused by acts of war or that owners of property should be enabled to insure against such damage by a national insurance scheme as was the case during the Great War.

The plea is powerful, and it concerns not only great insurance companies like the Equity and Law, but all the banks and building societies, all stores, merchants, manufacturers and shopkeepers, all investors, small and large, in bricks and mortar, whose aggregate interests compare in size and importance with all the investments of the Stock Exchange put together. Indeed, property figures among the assets of many companies and authorities whose securities are quoted on the Stock Exchange. That property interests cannot hope for an indemnity from the insurance market is clear, but it is very difficult to believe that a scheme of insurance is beyond the resources of the State, which has the double advantage of its supreme credit and of its power to apply

compulsion and bring everyone whose wealth is at risk into the scheme. It is to be hoped that the somewhat perfunctory treatment which the suggestion of State insurance received from Mr Runciman last May will be reconsidered, and that a plan for the compulsory insurance of all property in Great Britain against war risks will as quickly as possible be prepared. A flat rate chargeable on all buildings, wherever situated, would not be an inequitable arrangement.

Financial Notes

Midland Bank's New Capital.—Happy is the institution which can simultaneously increase its ratio of capital and reserve to deposits, and present its shareholders with a *bonne bouche*! The Midland Bank will achieve this dual result by its decision to offer one new £1 share at a price of £2, for every £20 of paid-up capital held by the proprietors on October 15th. As the existing £1 shares were quoted at 86s. 9d. on the eve of the offer, the issue represents a bonus of 2s. 3d. per share. At present the bank's fully paid capital totals only £7,075,314, out of an issued total of £41,504,262, the remaining £34,429,948 being in £12 shares, £2 ros. paid. Shareholders of all classes will have the right to subscribe to the new issue, which will consequently raise the total paid-up capital by £712,000 to a total of £14,960,000, and will yield additional resources of approximately £1,425,000. It is seven years since the bank made the last offer of this character, when 671,649 £1 shares were issued to shareholders, also at £2. Presumably, as the bank's deposits last month were shown as £488,422,000, the securing of new resources is not a primary objective of the new issue. At present, the capital and disclosed reserves total a little under £26 millions, and represent some 5½ per cent. of deposits. The ratio in the case of Barclays and Lloyds is 6½ per cent., while the National Provincial and the Westminster have ratios of a little over 5½ and 5½ per cent. respectively. This particular ratio, however, can always be increased, if desired, by additions to reserves without any enlargement of share capital. It may be assumed, therefore, that the decision is the precursor of an increase in the total amount paid out annually in dividend. Last year the dividend of 16 per cent. was covered by earnings of 22½ per cent. The new resources will not substantially increase the bank's earning power, but there is an ample margin for the maintenance of the present dividend rate on the increased capital.

The Franc and the Exchanges.—The strength of the franc has dominated the foreign exchange market throughout the week. There was some hesitation towards the end of last week, but on balance the rate moved in favour of Paris. On Monday and Tuesday, on the other hand, the buying pressure on the franc was very strong and the volume of transactions was considerably enlarged. Several factors contributed to this, external and internal, political and economic. The extreme weakness in Wall Street on Monday and in the first part of Tuesday's session encouraged a repatriation of French funds to Paris; the success of the Government in the cantonal elections, and particularly the strength of the Radicals, postponed the prospect of a political crisis; and there was a noticeable movement on the part of bear speculators to cover. The rate rose from a closing figure of Frs. 147½ on Saturday to Frs. 146½ on Monday. The further rise on Tuesday was confined to 25 centimes, but only because the control was selling francs more consistently on that day than on Monday. The forward rates showed the greatest improvement on Tuesday, the three-months' rate contracting by Frs. 1½. Thus the French authorities continued their policy of last week of allowing a slight appreciation of the franc each day to encourage the repatriation of capital; but at the same

time selling francs to a sufficient extent to prevent too sudden a rise. By this means quite a substantial volume of foreign exchange has been accumulated, amounting to perhaps half the Stabilisation Fund. There was some reaction on Wednesday, since Wall Street had recovered and the concessions to the *fonctionnaires* raised doubts about the balancing of the Budget. Until late in the day the international outlook was also very depressing. For these reasons the control had to support the franc from time to time, but there was no substantial change in either the spot or the forward rates. The dramatic change in the diplomatic atmosphere late on Wednesday, however, turned the tide once more and on Thursday there was further buying of francs. The rate, however, was not allowed to move by more than a trifle. These events have very considerably improved the technical position of the French authorities. The only other feature of the foreign exchange markets has been the fluctuations of the dollar within limits of \$4.95½ and \$4.95½, largely in accordance with the ebb and flow of sales and purchases of securities in Wall Street.

The Bank Return.—The most notable feature of the bank return is the drop of £5.6 millions in the active note circulation. In the same week last year the fall was £6.2 millions, suggesting that so far there has not been a great deal of dishoarding on French account.

	BANK OF ENGLAND				
	Oct. 21, 1936	Sept. 29, 1937	Oct. 6, 1937	Oct. 13, 1937	Oct. 20, 1937
Issue Department :—	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Gold	248.7	326.4	326.4	326.4	326.4
Note circulation	440.1	488.5	491.8	489.9	484.3
Banking Department :—					
Reserve	69.6	39.6	36.3	38.3	43.7
Public deposits	37.6	21.8	18.0	26.1	29.8
Bankers' deposits	81.4	95.1	102.1	92.9	89.3
Other deposits	41.1	37.2	36.8	36.4	36.3
Government securities	79.9	105.8	108.5	105.1	99.6
Discounts and advances	6.7	6.2	10.8	9.2	6.5
Other securities	21.6	20.8	20.9	20.4	23.2
Proportion	43.4%	25.6%	23.1%	24.6%	28.1%

In the banking department the excess of Treasury bill payments over maturities has once again effected a transfer between public deposits and bankers' deposits. The former are up by £3.7 millions and the latter down by £3.6 millions. The increase of £5.4 millions in the reserve is evidence of the official policy of keeping the credit base stable.

The Money Market.—The money market has maintained throughout its customary easy condition, in spite of the fact that Treasury bill payments are still running ahead of maturities. Still, the drop of £3.6 millions in bankers' deposits is quite insufficient to have any effect on the market, which suffers perpetually from an excess of funds seeking employment. The cutting down of the Treasury bill tender this week by £5 millions will further deprive the market of bills, of which it has for long been short.

	Sept. 30, 1937	Oct. 7, 1937	Oct. 14, 1937	Oct. 20, 1937
Bank rate	2	2	2	2
Clearing banks' deposit rate	1	1	1	1
Short loan rate :—				
Clearing banks	1-1½	1-1½	1-1½	1-1½
Others	1-1½	1-1½	1-1½	1-1½
Discount rates :—				
Treasury bills	1	1	1	1
Three months' bank bills	1	1-1½	1-1½	1-1½

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

Discount rates are unchanged. The clearing banks have been fairly keen buyers of bills. Mixed parcels of December and January bills in the proportion 25—75 have been brought at the customary minimum.

THE STOCK EXCHANGE

Rhodesian Copper Companies

THE publication this week of the Rhokana and Rhodesian Selection Trust reports completes the story of the past year's experience of the trio of Rhodesian copper concerns in which the British investor is interested. Tribute is due to the companies not merely for the excellence of their results, but also for the detailed manner in which they are displayed. Reports like these afford the investor scope for estimating future prospects—the more so because the companies' quarterly profits returns furnish him with a periodical check on his own arithmetic. In the following article, we propose to set out some "ready reckoner" estimates of potential profits for the three companies.

Little need be said of the results of the past year. The Roan Antelope accounts were reviewed on page 125 of our last issue. The report of Mufulira—on which the figures for Rhodesian Selection Trust and, to a smaller but very significant extent, those of Rhokana, depend—is still in the nature of an interim account rendered. It was only during the past year that the company's smelter came into operation, and naturally at somewhat high initial costs; and work is in hand for increasing monthly capacity to 8,000 tons by October next year. The Rhokana Corporation's progress is signalled by an increase in profits from £831,221 to £2,175,057. Alone among the three operating companies, Rhokana reduced its operating costs last year—even after including the provision for employees' funds, which all the companies are now providing in enlightened and progressive fashion.

The past year's results, as a whole, show that the Rhodesian copper industry is now earning a substantial return after many years of development work, which spanned the Great Depression. For nearly six months of the past year, production was uncontrolled. After the first five months of the present year, however, the companies will again be operating under restriction. The fact that control was re-introduced after the price of copper had fallen below £50 has suggested that this may represent a new "pivotal" price at which the restricting companies aim. But Mr Chester Beatty, at the Roan Antelope meeting on Wednesday, described the lowering of output as a policy for adjusting supplies to requirements. Whatever the statistical objective of output control, the investor is confronted with a problem in two vari-

ables. He must take account of variations in prices and also of alterations of quota releases. To measure the effect of simultaneous changes in both factors, Moodys-Economist Services have devised an ingenious series of charts for the principal companies. But, so far as our present survey is concerned, the difficulty arises that production for the first five months of the current year will not be subject to formal control, and cannot at this stage be precisely estimated. And even under conditions of restriction, accuracy would require a series of nice, but scarcely significant, adjustments. For example, production quotas relate to fine copper, but cost data sometimes refer to blister copper of approximately 99.25 per cent. copper content. Similar small errors result from simplified working—such as rounding off quota tonnages. Again, estimated provision for N.D.C. must necessarily be framed on broad lines. Finally, for Rhokana, a special difficulty is presented by the company's increasingly important cobalt production. Accordingly, we have endeavoured to strike a mean between the absolute and the practicable in the table of estimates for the three companies, given at the foot of this page.

We may examine the figures for each company in turn. Rhokana, last year, produced 75,254 long tons of fine copper of which 46,247 tons were blister and 29,007 tons electrolytic. For that part of the year in which restriction was operative, the allowable production has been estimated at 33,750 tons. The balance of 41,504 tons appears to have exceeded 105 per cent. quota production by approximately 8,000 tons between mid-January and June—a rate roughly equivalent to 130 per cent. of standard production. If an arbitrary rate of 120 per cent. be assumed for the first five months of the current year, and 105 per cent. production be maintained for the rest of the year, an approximate estimate of output for 1937-38 would be about 74,500 tons. What proportion of this copper will be represented by electrolytic? The question is important in estimating selling prices and costs. Production of electrolytic copper has been steadily increasing since the refinery was installed in 1934, but last year's output did not, apparently, represent operation at full capacity. We may assume an increase in electrolytic output to 32,000 tons, which would leave 42,500 tons represented by blister output. Cobalt production has shown a

RHODESIAN COPPER COMPANY ESTIMATES

	RHOKANA			ROAN ANTELOPE			RHODESIAN SELECTION TRUST		
Average Copper Price (whole year)	Basis of Calculation : Production : 32,000 tons electro. 42,500 tons blister. 1,400,000 lbs. cobalt. Costs : Electro £23.25. Blister £21. plus £220,000 overheads. Prices : Premium for electro £4.5 per ton. Cobalt Element, 7s. per lb. Ord. capital : £2,500,002 in £1 shares. 5½% Pref. capital : £1,500,000. Mufulira holding : 32.303 per cent. of £4,888,874.†			Basis of Calculation : Production : 71,250 tons blister. All-in cost, assuming same reserves for replacements, etc., and provision for employees' funds : £24.5 per ton. Ord. capital : £4,991,085† in 5s. shares. No preference or debenture capital.			Basis of Calculation (on Mufulira) : Mufulira holding : 64.07 per cent. of £4,888,874.† Production : 62,500 tons blister. All-in cost, assuming same reserves for replacements, etc., and employees' provision, and estimating reduced smelting and operating costs : £27.5 per ton. Note. —R.S.T. income not subject to N.D.C., but subject to directors' percentage, etc., say £10,000. Ord. capital : £2,646,023 in 5s. shares.		
	Net profit for Ord., after N.D.C., including participation in Mufulira	Net profit as percentage of Ord. capital	Potential earnings yield on Ord. shares at 10½	Net profit for Ord., after N.D.C.	Net profit as percentage of Ord. capital as increased	Potential earnings yield on Ord. shares at 20s. ex rights	Net profit for R.S.T. assuming full distribution by Mufulira	Net profit as percentage of Ord. capital	Potential earnings yield on R.S.T. shares at 18s. 9d.
£	(£'000's)	(%)	(%)	(£'000's)	(%)	(%)	(£'000's)	(%)	(%)
35	1,398	56	5.3	749	15	3.8	276	10½	2.8
37.5	1,622	65	6.2	927	18½	4.6	370	14	3.7
40	1,848	74	7.0	1,105	22	5.5	465	17½	4.7
42.5	2,073	83	7.9	1,282	25½	6.4	561	21	5.6
45	2,298	92	8.8	1,460	29	7.3	655	24½	6.6
47.5	2,522	101	9.6	1,640	33	8.2	750	28½	7.6
50	2,746	110	10.5	1,818	36½	9.1	845	32	8.5

† After latest issue.

substantial increase—some 1,459,237 lbs. of cobalt element were sold last year, compared with 924,842 lbs. for the preceding year. Thus, the production of cobalt increased more rapidly than that of copper. Improvements at the mine may result in a further increase in cobalt output. For conservation's sake, however, we may assume merely the maintenance of last year's output.

The next problem to consider is the relationship of prices and costs. The margin between the price of electrolytic copper and blister is normally of the order of £4.45 per ton. Last year's costs figures were £23.45 per ton for electro and £21.18 for blister—both figures including provision for employees' fund. It is not easy to analyse the composition of these figures from the accounts, but inspection suggests that other charges, including the directors' participation in profits and depreciation and development reserves, may total as much as £220,000. No cost figures are available for cobalt, and its price is determined largely by negotiated contract. On the basis of the current quotation, we may take the company's average sales price for the current year—during which demand should remain good—at 7s. per lb.

These bases of calculation, however, need to be supplemented by reference to the Corporation's 32.303 per cent. interest in Mufulira—in which Rhodesian Selection Trust, for its own part, has a 64.07 per cent. holding. Production at Mufulira for 1936-37 amounted to 37,230 long tons of blister copper. The monthly quota, at 105 per cent. of standard, will be 5,200 tons of fine copper. The past year's total production, however, appears to have fallen short of quota estimates. It may be legitimate, therefore, to apply 105 per cent. production to the whole year—which would indicate an annual total of 62,500 tons of blister. Such expansion implies some appreciable cost reductions, which should be helped by improved operation at the new smelter, and ultimately by power transmission economies. Further, following the debenture redemption, only one quarter's interest falls to be paid this year. Current all-in costs, therefore, should be lower than the £31.981 recorded for 1936-37. But by how much? Taking the known factors, and adopting a reasonable basis of comparison with Roan Antelope costs, an estimate of £27.5 per ton "all-in" should not be unduly optimistic.

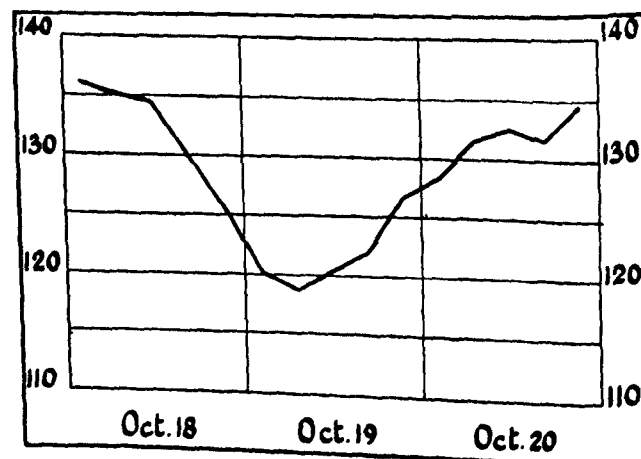
Finally, we come to the basis of the Roan Antelope calculations—the simplest of the three. The past year's production suggests that during the period of free production, output did not markedly exceed the 105 per cent. rate. The company's quota, at 105 per cent., will be 5,900 tons, and on this basis it may be justifiable to take total output for 1937-38 at 71,250 tons. On the costs side, the saving on debenture interest represents approximately £1 per ton of output. All-in costs may, therefore, be taken at £44.5 per ton in view of the chairman's comment on Wednesday. Roan Antelope, by special dispensation, were quoted ex rights on Thursday, and our calculation of earnings yields is based upon the increased capital.

What conclusions are suggested by our figures? After every allowance for the breadth of estimation, it would still seem true to say that Rhodesian Selection Trust shares are valued by the market on the basis of generous promise from Mufulira. The somewhat lower prospective yield on Roan Antelope, compared with Rhokana, may be due to a conservative Roan estimate—on the September profit of £686,500, production has been probably running in excess of our figure—or to a generous estimate of Mufulira's distribution policy. Or perhaps the market put up the ex bonus price of Roan Antelope too far on Thursday. Whatever the explanation, Rhokana has decided advantages—including its electrolytic refinery and cobalt production, its third share in Mufulira, and its potential assets by way of the Nchanga mine and the Konkola deposits. Whether Rhodesian copper shares, as a whole, are over- or under-valued depends entirely upon the outlook for copper consumption, which, in turn, will determine price movements and restriction policy. Copper, like most other commodities, is fighting a rearguard action. Speculative investors would be well advised to watch copper prices and industrial movements first, and percentage estimates second.

Investment and Company Notes

Sound and Fury in Wall Street.—Not for seven years has Wall Street boxed the emotional compass so thoroughly—and so distressfully—as in the past week. Monday's trading put prices down with a rush, which continued until the end of the second hour's trading on Tuesday. By that time the Dow Jones industrial shares price index had fallen to 118.84 from 136.30, established at the end of Saturday's short session. This, however, was the turn of the tide, at least for a day or two. By the end of business on Tuesday the Dow Jones index was up to 126.80, and a further recovery to 134.56 followed on Wednesday. Changes in the price level for each hour of trading on the opening three days of the week are illustrated by the following chart:—

DOW JONES INDUSTRIAL INDEX
Hourly Fluctuations, Oct. 18 to 20.



The seriousness of the reverse was reflected in turnover as well as in prices. Monday's volume reached 3,230,000 shares, and on Tuesday 7,280,000 shares were dealt in—a higher figure than on any day since July 21, 1933. Against such a flood nothing could hope to stand firm. The movements of some of the leading issues are shown in the table below, together with the prices reached in March, when the bull market reached its turning point:—

	CLOSING PRICES	Mar. 10	Oct. 18	Oct. 19	Oct. 20
Pennsylvania R.R.	48½	22½	22½	24½	24½
North American	29½	14½	14½	18½	18½
U.S. Steel	125½	61½	61½	61½	61½
Anaconda	69½	27½	29½	30½	30½
General Motors	65½	35½	37½	40½	40½
Dupont	173½	122½	120½	130½	130½
General Electric	61½	35½	39½	41½	41½
Int. Harvester	110	87	74	79½	79½
Celanese of America	34½	20½	20	22½	22½
General Foods	43	30½	30½	32½	32½
Commercial Credit	59½	30	38	44	44

The peculiar feature of the present *débâcle* is that no satisfactory reason or combination of reasons has yet been advanced which would justify the ways of Wall Street to rational men. One of the triggers which set the market off this week was the estimate that steel mill activity for the current week was down to 55.5 per cent. of capacity against 63.6 per cent. last week and 74.2 per cent. a year ago. But it was known that this was only a temporary reduction, and did not herald a trade depression, since large automobile industry orders were beginning to come in. All the familiar reasons have been used again, and undoubtedly they all have partial truth. Trade may be anticipating a minor recession; the Washington Administration may be unsympathetic to big business; the Securities and Exchange Commission regu-

lations may have resulted in thin markets; and obviously a great deal of selling this week must have been caused by impaired margin positions. But the magnitude of the relapse is unaccountable on rational lines; it must be attributed chiefly to unreasoning panic—particularly to exaggerated fears of depression in America and war in Europe. If this view is correct, the long-term prospects of American industry and American securities may be relatively promising, though what may happen to prices in the future, nevertheless, must be unpredictable. But at least a technical rally is overdue, and its course may be as extreme and disconcerting as that of the slump itself.

Will London Recover?—The London Stock markets have played second fiddle, but not *répétiteur*, to New York in this week's strange orchestra. Wall Street's sudden break in New York on Monday took London completely by surprise, and British investors, like the spectators of another floral dance, could only stand and stare. But on Wednesday, when Wall Street took heart of grace and Signor Mussolini saw a great light, almost at the same hour, London's response was immediate and encouraging. On the whole, while British investors may possibly pride themselves on having preserved a better sense of balance than their American colleagues, it may well be that both markets were more frightened than they would have cared to admit by the boggy of a European political breakdown. If, in fact, the Mediterranean difficulty is to be resolved, then the markets may be more prepared in turn to accept the implications of the probability that the next economic depression, if and when it comes, will be only a little one. Current market evidence, in short, points to a sizeable technical rally relatively soon, but not to a major revival which would carry London prices to the levels from which they lately descended. Opinion is growing in support of the view that a wider gap is appropriate between yields on gilt-edged and industrial shares than that prevailing a few months ago.

"Hot Money" and Wall Street.—A further quarterly return from the U.S. Treasury Department enables us to bring nearer to date our record of the fate of European investment in American common stocks since the end of 1935. In an earlier note (see page 620 of *The Economist*, dated September 25th), we showed that no profits were running on purchases during 1936 and the first quarter of the current year. The latest figures show a considerable loss, not merely for these purchases, but also upon the balance of holdings as at the end of 1935. The calculation is complicated by a net sale of British and European holdings during the second quarter of the year, and it is impossible to put a firm estimate on the values at which these securities were bought. Assuming that they had been evenly spread over the previous fifteen months, however, the approximate trend of stock movements suggests that holders may have broken even on these transactions. On this assumption, we present a revised table showing the nominal purchases of United States domestic securities up to June last, and their estimated current value:—

	(In \$ millions)		All Europe	
	United Kingdom Base Value	Current Value	Base Value	Current Value
Value of common stocks held December 31, 1935	372	348	1,274	1,190
Net purchases :—				
1936 :—				
1st quarter	25	21	98	83
2nd "	15	13	77	66
3rd "	45	36	102	81
4th "	132	96	254	185
1937 :—				
1st quarter	71	49	138	96
2nd " (net sale)	— 27	— 27	— 8	— 8
Net totals to June	633	536	1,937	1,693

On British account, a depreciation of nearly \$100 millions appears to be registered, and on European account some \$250 millions. The third quarter's movements will show how far such heavy losses have been taken.

B.A. Great Southern.—The disappointed second preference stockholders of Buenos Aires Great Southern, who expected full payment and received half, will find the 1936-37 accounts more encouraging than might have been expected. The previous year was one of semi-disaster; the past year brought good crops and substantial recovery. Gross receipts rose by 10½ per cent. to £10,992,266 (taken at par). Passenger traffic increased by 7½ per cent. and merchandise by 15½ per cent. And in terms of volume, such impressive increases are recorded as 13.6 per cent. for wheat, 26.4 per cent. for maize, 42.2 per cent. for barley, and 49.2 per cent. for Government traffic. Yet working expenses are merely 1.2 per cent. higher, no less than 92 per cent. of the gross increase has been saved net, and the operating ratio is reduced from 73 per cent. to 66.7 per cent. These are solid achievements for which due credit will go to the Director-General and his staff. For the first time for some years renewals have been met entirely out of revenue—the charge of £282,336 is £42,336 more than the second and unpaid 3 per cent. on the junior preference stock. The results for the past three years are set out below:—

	YEARS ENDED JUNE 30TH		
	1935	1936	1937
Operating receipts ..	10,957,684	9,922,015	10,992,266
Operating expenses ..	7,451,296†	7,241,593	7,328,847
Operating profit	3,506,388	2,680,422	3,663,419
Dividends, interest, etc. Cr.	204,758	210,095	178,292
received			
Exchange losses, less credits	1,552,723	1,173,982	1,297,822
Working agreement charges	541,977	548,699	546,949
Interest and other fixed charges	1,085,079	1,085,079	1,085,079
Renewals expenditure from revenue	120,000	Nil	282,335
Earned for dividends ..	411,367	82,757	629,526
Preference dividends	640,000*	80,000**	640,000*
Carry forward	28,547‡	31,304	20,830

† After deducting renewals expenditure from revenue, shown separately. ‡ After transferring £70,000 from Bahia Blanca and N.W. Rly. Contingencies fund. * 5 per cent. preference in full and 3 per cent. on 6 per cent. preference. ** 1 per cent. on 5 per cent. preference only.

There are two disappointing features in the report. The first is the higher provision for exchange losses. Remittances have cost less, but this year a further charge for depreciation of currency and floating assets is required. Total cost of exchange is thus increased to £1,297,822, and the average annual cost since 1934 is calculated at £1,368,065—equal to 4½ per cent. for the ordinary stock. It is probable, indeed, that the companies would welcome better exchange facilities before increased rates. The second disappointment is the slow progress towards effective transport co-ordination. This measure was enacted last January, but the Commission is still in process of formation. Prospects for the current year depend on the harvest. Sowings are larger, and conditions, at this early stage, are favourable. But the small carry-over of fine grains from last year promises no excitement in the traffic returns for the first part of the year. The market is taking a cautious view, for the 5 per cent. preference stock stands at 67, and the second preference stock at 52.

B. A. and Pacific.—The recovery on this line is of more modest order than for B. A. Great Southern. Gross receipts have increased by 10.7 per cent. and working expenses by 6.2 per cent. Net operating receipts, accordingly, show a percentage advance of 27.8 to £1,725,277. Yet, at the end of the account, the company

still has to add a further £606,881 to the heavy debit balance already carried forward. Since additional traffic transported last year totalled 613,000 tons, while full wages were payable during the past year, compared with seven months in the previous period, a reduction in the operating ratio from 79.32 per cent. to 76.13 per cent. is satisfactory. But the exchange burden takes a heavier net toll this year than last. Although provision for remittances and capital expenditure in pesos is £327,000 lower, depreciation of currency floating assets requires £94,123, compared with a credit of £275,527 for the previous year. The results are set out below:—

	Years to June 30		
	1935	1936	1937
Operating receipts	6,239,964	6,529,274	7,228,550
Operating expenses	4,670,779	5,179,229	5,501,273
Operating profits	1,569,185	1,350,045	1,725,277
Interest & other receipts	Cr. 149,012	Cr. 169,205	Cr. 147,584
Exchange loss on remittances	915,881	985,586	658,225
Depreciation of currency floating assets	Cr. 112,820	Cr. 275,527	94,123
Debt interest*	914,155	938,819	954,113
Rent charges*	738,649	759,485	773,281
Income tax	93,000	Nil	Nil

Net revenue Dr. 830,667 Dr. 889,114 Dr. 606,881
Carried forward Dr. 3,295,551 Dr. 4,184,665 Dr. 4,791,546

* Including interest on arrears except first debenture stocks met on due dates for each year. All arrears, plus interest paid on second debenture stocks of B.A. and Pacific and Argentine Great Western Railway during 1935-36. Three payments of six months' interest on 4½ per cent. consolidated stock and 5 per cent. debenture stock of Argentine Gt. Western Rly. in 1936-37.

With an accumulated loss of £4,184,665 and accrued debenture interest, rents, and arrears of interest totalling £6,141,710, the company's position is not happy. In June last it was announced that the moratorium for debenture stocks had been extended to June, 1938, and that the company could meet regular interest on the second debentures. That position appears, broadly, to hold good to-day. Meanwhile, the three coupons on the consolidated stock bring payments up to June, 1933. The company's problem, indeed, is to find some reasonably stable level of profits, for slow progress in wiping off arrears is possible even at the present level. If the exchange situation were adjusted in the railways' favour, a more rapid advance could be made.

United Steel Meeting.—The United Steel Companies' report was so complete that Sir Walter Benton Jones, at last week's meeting, had little of purely domestic interest to tell stockholders. He contented himself with emphasising the need for conservative allocations for depreciation and obsolescence, and gave a detailed description of the large-scale extensions which are in progress at Appleby-Frodingham. The new blast furnaces will be the largest in the country, and the whole plant is being planned on an imposing scale. Indeed, Appleby-Frodingham will take its place in the front rank of steel undertakings, not only in Britain but also in the world. Sir Walter gave an interesting refutation of the criticisms of British blast furnaces for their lack of size compared with the American; the effective daily output depends upon the richness of the ore, and the giant outputs of the American furnaces are achieved with far richer ores than those of Lincolnshire. But he also explained the importance of proper pre-process treatment of raw materials for efficient blast furnace operation. Such treatment will be carried out at Appleby-Frodingham, but in Britain as a whole, practice is not entirely satisfactory.

The most important part of Sir Walter's speech, however, was a defence of the co-operative policy of the steel industry. Co-operation is gradually extending, price control is actually preventing further advances in prices, and great progress is being made in reorganisation. These are now known facts. Investors, however, may

be less willing to accept Sir Walter's conclusion from these facts, "that the production of steel in this country is now established at a permanently higher level." Undoubtedly the British steel industry is much better equipped to meet export competition than it was ten years ago. Moreover, the import licensing system enables the industry, if necessary, to monopolise the home market. But such protection can do nothing to maintain the level of demand in the home market; indeed, if import control prevents price competition, it may reduce demand. In the last depression, output and demand fell much more sharply in the highly protected and cartelised German steel industry than in Britain. The long-term outlook for the steel industry is plainly better than it was ten years ago. But investors must still be prepared for wide cyclical movements in demand. Such movements may be reduced by the increasing use of steel in the consumption-goods industries, but nevertheless they will still be significant.

United Dairies Report.—The latest profits of United Dairies have reached the new record of £654,120. Since profits have increased by 30 per cent. in a decade and were quite unaffected by the depression, stockholders may feel some compensation for the lack of consolidated accounts. Interests in subsidiaries represent over half the parent company's total assets of £7½ millions, and fluctuations in the trading position cannot be discussed from the present form of accounts. Last year's apparent drop in profits was due more to accidents of accounting dates than to less favourable trading. The following table shows the allocation of earnings in recent years:—

	Years to June 30th		
	1935	1936	1937
Dividends receivable	286,033	250,400	269,570
Interest receivable	254,191	253,874	256,586
Other income and profits	112,679	123,899	127,964
Total income	652,903	627,973	654,120
Interest paid	6,603	6,408	7,972
Directors' fees	15,383	16,717	15,717
Preference dividend	195,000	195,000	195,000
Ordinary stock:—			
Earned	435,917	409,848	435,431
Paid	308,000	308,000	308,000
Earned (%)	19.2	17.9	19.4
Paid (%)	12½	12½	12½

Reserve..... 100,000 100,000 134,000*
Carry forward..... 90,033† 91,881 85,312
† After writing off £3,079 new issue expenses. * Includes £10,000 reserved against investments.

The ordinary stock dividend, maintained at 12½ per cent., is covered by a 7 per cent. margin. The general reserve allocation is raised to £124,000, increasing total reserve to £1,000,000. The balance sheet again bears evidence of the undertaking's steady expansion, and each report mentions new branches opened and the economies in milk processing and distributing have been achieved by the company, but its provision retailing business now represents an important proportion of total turnover. The £1 stock units are of high investment rank, and their yield of 4 9s. 3d. per cent. is essentially representative of their stable quality. Perhaps the 10 per cent. capital bonus in 1934 affords a precedent of things to come in the future.

B.S.A. Recovery.—In a preliminary statement the directors of Birmingham Small Arms announce profits for the year to July 31st which clearly break through all former levels. All preference dividend arrears have been paid off; last year four years' "A" preference arrears were paid, and now six years' "B" preference dividends are being paid. All fear of a capital reconstruction is well averted. The company's activities are diverse, and it is not yet known to what extent the armaments programme has affected results, but the

company has wholly transformed its profit-earning basis. Total profits, before tax, amount to £555,594, comparing with £315,234 or, after adding back depreciation, £699,095, against £447,049. Expenses, including debenture service, may be estimated at £127,300, against £130,500. Taking gross preference dividends of £10,157 on the "A" and £126,210 on the "B" shares, there would remain for the ordinary shareholders £291,900, equivalent to 10 per cent. actual, but assuming normal preference dividends, the latest earnings would represent about 14 per cent. on the equity. General reserve receives £151,811, and £140,088 is added to the carry forward, which has now reached the substantial sum of £204,761. The full report will be awaited with interest, and since a return to ordinary dividends in the current year is a reasonable anticipation, an immediate jump in the shares to 22s. gd. is readily understood.

Sudan Plantations Progress.—This cotton-growing company again reports a satisfactory year. Profits, at £697,994, have reached the highest level since the 1928-29 season when, of course, crop conditions were very different from to-day. The past year's increase of £108,500 results mainly from a larger crop, which amounted to 192,171 against 157,668 bales, owing to a substantial improvement in yield in the important Gezira area. Comparison with the previous year once again illustrates the see-saw effect of crop and price movements. The following table shows the recent trend of profits:—

	Years ended June 30th		
	1935	1936	1937
Total profits	457,300	589,509	697,994
General expenses	172,268	174,920	178,550
Other charges	17,168	23,617	25,487
Depreciation	10,190	12,018	17,451
Gezira reserve	50,000	60,000	60,000
Taxation provision	Nil	33,681	40,000
Shares:—			
Earned	207,674	285,272	376,506
Paid	198,000	247,500	309,375
Earned (%)	8.5	12.0	16.1
Paid (%)	8	10	12½

General reserve..... 6,294† Nil Nil
Carry forward..... 223,851 374,168* 455,084*

* After crediting in 1935-36, £112,545 reserve against tenants' advances, and in 1936-37, £13,785 profit on sale of investments.
† Also £13,706 from share premium account transferred direct.

The outlook for the current year is affected by the recent setback in raw cotton prices from which Egyptian grades have naturally not escaped. In its internal finances, the position of the company is wholly satisfactory. The last few years have been marked by a widening margin between earnings and distributions, and £81,000 was added to the carry-forward last year. The balance sheet contains no important changes, except a large rise in cash, which now stands at £2,022,000 against £848,000. This is in part counterbalanced by a drop of over £800,000 in stocks, which stand at £2,119,000. Present uncertainties in cotton are marked by a yield of 7 1s. per cent. on the £1 shares at their current price of 38s.

Abitibi Scheme Approved.—The bondholders of Abitibi Power and Paper Company have at last approved the plan of reorganisation drawn up by the Bondholders' Representative Committee and published last July, subject to two voluntary amendments. The company has outstanding \$48,267,000 of first mortgage 5 per cent. gold bonds, \$1,000,000 of 7 per cent. cumulative preferred stock, \$34,881,800 of 6 per cent. cumulative preferred stock, and 1,088,117 common shares of no par value. Interest on the debentures has been in default since June 1, 1932, a receiver was appointed in September, 1932, and a permanent liquidator on December 20, 1935. The plan which has now been accepted by bondholders and had previously been endorsed by the preferred stockholders' committee provides for formation of a new company to take over the properties by various

exchanges of securities. Each \$100 of old first mortgage bonds will be exchanged for \$50 of 5 per cent. 20 year general and refunding mortgage bonds; each old 7 per cent. preferred share for five common shares and the right to subscribe to five further common. The 6 per cent. preferred shares will have 3½ common shares and also warrants to subscribe to four additional shares; while the common shares will be reduced to one-tenth, and will have the right to subscribe for one additional half share. New capital will be provided by the issue of \$14,000,000 4½ per cent. first mortgage bonds. The two amendments adopted reduce the amount of new money to be obtained by the amount of adjusted earnings since June 30th, and secure the new debentures by mortgage.

O.K. Bazaars.—The heavy fall in O.K. Bazaars 5s. shares from 55s. to 28s. gd. has been checked this week by the publication of the report. Shareholders' uneasiness, perhaps, was less affected by profits estimates than by publicity in South Africa and this country of the ramifications of the group of which O.K. Bazaars forms only part. Pointed comparison between the stock position of the company and chain store undertakings in this country have drawn a reply in the form of an independent test of stocks by accountants, although the directors retain responsibility for values, at cost or market price. Profits, after providing for management, salaries and other expenses, have increased from £242,998 to £290,422, and the dividend, maintained at 55 per cent. on an increased capital, is covered by earnings of 68 per cent. Although the stock figure is reduced from £693,000 to £669,000, other assets show a substantial expansion. Interests in subsidiary and associated companies have increased from £239,151 to £735,799. Associated property companies are responsible for £361,684 of this increase, while the Publix and Paramount Stores interests account largely for an advance of £123,100 in shareholdings in associated and subsidiary concerns. The company, in short, is still expanding at

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a rapid rate. This very speed, to investors in this country, is not an undiluted bull point. The 5s. shares at 32s. 6d. yield 8.8 per cent.—a return in line with many South African industrials.

Sub Nigel.—It was expected that Sub Nigel would a year ago establish a fresh record, and the small advance in working profits fulfils these hopes. Certain minor additions to the treatment plant permitted a further increase in tonnage crushed; and although the yield per ton fell somewhat sharply, while costs showed only a small reduction, the total working surplus slightly exceeded that of the previous year. Unfortunately, a new method of determining the company's taxable income has upset the record. Several companies were affected by this decision of the South African Inland Revenue, but none in so marked a degree as Sub Nigel, which has to provide practically £258,000 more in taxation than the expected amount. Consequently, the dividend for the second half of the year ended June 30th had to be cut by 1s. 6d. to 7s. 6d. Recent results are summarised below:—

	1935	1936	1937
Ore crushed tons	568,200	632,700	685,000
Yield per ton	112/1	107/4	101/11
Cost per ton	34/6	33/9	33/5
Profit per ton	77/7	73/7	68/6
Total working profit	£2,205,240	£2,328,320	£2,345,720
Dividends, amount	£1,350,000	£1,434,370	£1,392,190
Dividends, per cent.	180	170	165
Carried forward	£73,540	£84,030	£107,480
Development footage	109,270	119,700	120,370
Ore reserves tons	1,818,000	2,099,000	2,124,000
Average value dwts.	15.6	15.1	14.9

No material changes are shown in the ore reserve figures. During the period 147,000 shares of the company's holding in the Vlakfontein were sold, reducing that interest to 120,570 fully paid and 432,430 partly paid shares; while the realisation of a small lot of Spaarwater reduced Sub Nigel's interest to 288,420 shares. The profit on these sales, amounting to £365,240, was placed to reserve; but from the latter, £179,870 was transferred to appropriation account—representing, in effect, a substantial contribution towards the provision for increased taxation. Investment holdings now appear in the balance sheet at £104,000. Under present conditions the market does not anticipate that the dividend for the current half-year will be restored. On this basis the gross yield indicated is about 7½ per cent.

Other Company Results.—The results of some fifty further companies are dealt with in our usual analysis on page 192. The heavy industries in particular have provided two very satisfactory improvements—those of *Fairfield Shipbuilding* and *Lambert Bros.* The results are discussed on page 190 under the heading "Shorter Company Comments."

Company Meetings of the Week.—Reports of company meetings will be found in this issue from page 182 onwards. Sir Walter Benton-Jones's survey at the *United Steel Companies* meeting is discussed in a Note on page 174. The leading article on page 171 on copper shares refers to Mr Chester Beatty's address to *Road Antelope* shareholders. Sir Louis Sterling, at the *Herrburger Brooks* meeting, said that despite increasing costs, the board felt confident of maintaining its proportion of trade. At the *British Rubber Estates of Java* meeting, the chairman remarked that all three commodities, rubber, tea and coffee, had contributed to the increase in profit. Mr A. P. Hadow reported at the *Batu Rata (Sumatra)* meeting that rubber exported during the year realised 8.78d. per lb. gross, against 6.87d. *Broome Rubber Plantations* members were informed by Sir Lionel Smith-Gordon that while rubber sales had doubled in value, the total cost of production had risen by only two-thirds. At the *Gold Exploration and Finance Company of Australia* meeting the Rt. Hon. L. S. Amery pointed out that the greater part of the exploratory stage had been achieved.

THE WEEK IN THE MARKETS

THE STOCK EXCHANGE

SETTLING DAYS

TICKET: NOVEMBER 2 ACCOUNT: NOVEMBER 4

THE London market tried to show a courageous heart on Monday this week, ignorant that Wall Street was preparing its worst day, as the headlines told, since 1930. The other surprise was the unexpected announcement on Wednesday, after the "House" had officially closed, that the Italian Government had assented to the Anglo-French proposals just when all seemed lost. So the markets have presented two violent contrasts—the gloom which accompanied Tuesday's fog and followed Wall Street's collapse, and a later degree of optimism regarding the European outlook which gives, it would seem, full weight to the opportunities which may emerge from the Italian assent.

The gilt-edged market opened steady, but the disappointing result to the Sheffield issue created an inauspicious atmosphere. Yet on Monday prices were virtually maintained, and it was not until the following day that a combination of Paris selling and political tension *cum* Wall Street depressed prices. Old Consols were particularly affected with a fall of ½. Small mid-week sales met no resistance, and the Sheffield scrip went to one point discount. On Thursday, however, an appreciable, though not fully held, recovery occurred.

In the foreign market, Japanese bonds were initially depressed, but showed some mid-week recovery. Reports of disturbed political conditions in Brazil caused appreciable trading, while German bonds were offered on the setback in the trade figures.

L.M.S. ordinary made a good start among home rail stocks, but even on Monday the best prices were not held, and half-point falls were common the next day. The traffics were again below the best expectations based on the 5 per cent. increase, and the whole market again retreated, only to share in the general recovery on Thursday. The Argentine rail market was not impressive. An early demand for Cordoba debentures was based on expectations of a Government lease, although the labour situation soon checked the rise. The rest of the market was heavy, and even the encouraging nature of the B.A. Great Southern report (discussed on page 173) did not set a better trend.

The industrial market this week has produced movements reminiscent of physical exercises—up, down and sideways. The week started cheerfully with low prices tempting the buyers. A relapse in sympathy with Wall Street followed though selling pressure in London was slight. After a spell of caution the Italian acceptance of the British plan produced gains in every section. In the iron and steel group a good start was followed by slackening interest and then by small but widespread falls. Prices in mid-week were irregular, and on Thursday buoyant. Wm. Cory shares were prominent in Monday's rise and were in consequence the first to suffer in the ensuing setback. Electrical equipment shares were firm, with some temporary preference shown for Crompton Parkinson.

Among motor issues, Morris and Austin were favoured, but Tuesday's depression was not overcome by good reports from the Motor Show—Standard suffering in particular. Wednesday's prices were irregular. The excellent B.S.A. results drew some response in mid-week. Aircraft shares were exceptional in remaining aloof from general trends, Bristol meeting some demand. Shipping issues improved at first on the publication of the freight index, but reacted later. On the whole, textiles were uninteresting. Among shops and stores, O.K. Bazaars received attention on the report. Woolworth, however, reacted at first satisfactory, but later Unilever were depressed on Amsterdam selling. It was not till Wednesday that United Dairies responded to the satisfactory report. Breweries and distilleries were an uninteresting market, with small scattered sales on Tuesday. International counters, after a heavy drop, especially in U.S. Steel & International Nickel, became irregular and then recovered appreciably on Wednesday and Thursday.

Oil shares opened in more convincing style, but renewed selling from the Continent on Tuesday brought a sharp reverse. Royal Dutch was particularly affected by Amsterdam liquidation, and shares with international interest were seriously affected by the Wall Street break. The Italian announcement produced a sharp recovery in the leaders, Shell maintaining an improvement to slightly over ½.

Business in rubber shares continued small, and although quotations were markedly affected on Tuesday, the pressure of selling was never appreciable. It was, however, a day of widespread losses which Wednesday's recovery only partially corrected. Tea shares, apparently, were the one market which rode the Wall Street storm unmoved.

The mining markets showed symptoms of recovery at first, and some investment demand was evident in the Kaffir group. The fear of realisations to meet losses on American stocks, however, caused an all-round fall, and Paris sold its leading favourites. Only a modest mid-week improvement was recorded. The copper company reports strengthened the Rhodesian group on Monday, but the falling metal price overshadowed the results on Tuesday. Mr Chester Beatty's speech and Wednesday's political events brought a sharp rise. Tin shares, however, were considerably affected by the falling price of the metal.

"FINANCIAL NEWS" MARKET INDICATORS

	Oct. 14	Oct. 15	Oct. 18	Oct. 19	Oct. 20	Oct. 21
Approximate total of bargains recorded in S.E. List	9,020	3,725	8,285	7,685	8,695	8,510
Corresponding day 1936	13,100	12,555	13,726	12,073	11,214	12,953
Index of 30 Ordinary Shares (July 1, 1935=100)	101.3	102.6	103.9	101.8	102.7	105.1
Index of 20 Fixed Interest Securities (1928=100)	127.1	127.1	127.1	127.1	126.9	127.0

Highest 1936: Ordinary Shares 124.9 (Nov. 18); Fixed Interest 138.8 (Feb. 10).

Lowest 1936: Ordinary Shares 107.4 (Jan. 2); Fixed Interest 136.2 (Sept. 23).

Highest 1937: Ordinary Shares 124.8 (Jan. 4); Fixed Interest 136.6 (Jan. 4).

Lowest 1937: Ordinary Shares 99.0 (Oct. 12); Fixed Interest 126.0 (Sept. 8).

ACTUARIES' INVESTMENT INDEX

The Actuaries' index of 177 industrial equity prices recovered on Tuesday last to 77.0, against 75.8 a week ago and 80.0 a month ago. The respective yields are 4.73, 4.81 and 4.55 per cent. A selection of the separate indices follows:—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yield (%)		
	Month ago (Sept. 21, 1937)	Week ago (Oct. 12, 1937)	This week (Oct. 19, 1937)	Month ago (Sept. 21, 1937)	Week ago (Oct. 12, 1937)	This week (Oct. 19, 1937)
Building materials (5)	85.6	78.8	83.0	6.34	6.85	6.51
Coal (7)	121.1	112.9	114.1	4.13	4.35	4.29
Iron and steel (12)	73.8	68.6	71.3	5.25	5.72	5.47
Motors (5)	48.3	42.8	44.3	5.04	5.71	5.52
Electric supplies (10)	139.8	133.4	134.5	4.49	4.70	4.65
Home rails (4)	76.4	74.5	73.2	2.92	2.96	3.00
Breweries and distilleries (21)	141.5	134.3	137.8	4.43	4.63	4.54

NEW YORK STOCK EXCHANGE

THIS week the market has been experiencing the sinking feeling of the switchback as it plunges into the depths, and in the gloom appropriate to the moment has despaired of ever coming out to daylight. On Monday the market opened with recollections of good investment demand at the end of the previous week, although movements had been erratic. Prices fell steadily for the first three hours of trading and finished weak. The Dow Jones industrial average fell 10.57 points on the day, with turnover at 3,230,000, of which nearly half was crammed into the last hour. Reports of lower steel mill activity were responsible for this gloomy day. By the end of the second hour on Tuesday, 3,890,000 shares had been traded and the Dow Jones index was then down to 118.84. Continued selling was attributed to impaired margin accounts. But at that point the market turned, and rose as fast as it had sunk before. At the close the Dow Jones index was up 6.76 points on the opening, and turnover totalled 7,290,000. There were reports of heavy buying by investment institutions and by a leading banking group. Wednesday's enquiries proved that even American investors were not prepared to believe that Tuesday's prices were right, and buying continued, assisted by the Italian declaration, though the best gains were not held on Thursday. *Iron Age* estimates steel mill activity for the current week at 55.5 per cent. of capacity against 63.5 per cent. for a week ago.

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

	1936		1937		Beginning of Year 1937	Oct. 6, 1937	Oct. 13, 1937	Oct. 20, 1937
	Lowest Apr. 29	Highest Nov. 10	Lowest Oct. 20	Highest Mar. 10				
447 Industrials	112.7	145.9	101.9	155.7	145.2	112.3	104.6	101.9
32 Rails	42.8	60.2(b)	32.5	64.5(f)	54.8	37.9	34.1	32.5
40 Utilities	91.2	111.0(a)	79.1	116.4(f)	111.7	83.5	79.3	79.1
Total, 419 Stocks	97.7	125.4	86.9	132.4	123.5	95.4	89.0	86.9
Average yield*	4.50% High (c)	2.65% Low (a)	6.13% High	3.20% Low (b)	3.53%	5.58%	5.98%	6.13%

* 50 Industrial Common Stocks. (a) April 8th. (b) Oct. 14th. (c) December 22nd. (d) December 2nd. (f) March 17th. (g) February 10th. (h) January 13th.

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

Highest*	Lowest†	Oct. 13	Oct. 14	Oct. 15	Oct. 16	Oct. 18	Oct. 19	Oct. 20
180.3	104.8	119.4	116.9	115.7	116.1	104.8	108.8	116.4

* March 6th. † October 18th.

TOTAL DEALINGS IN NEW YORK

	Oct. 14	Oct. 15	Oct. 16*	Oct. 18	Oct. 19	Oct. 20
Stock Exchange—Shares (No. Thous.)	1,680	2,540	1,320	3,230	7,290	4,340
Bonds (Thous. \$)	6,580	10,100	5,380	11,890	20,710	15,050
Curb—Shares (Thous.)	398	532	335	799	1,632	837

* Two-hour session.

	Oct. 13, 1937 (Close)	Oct. 20, 1937 (Close)	Oct. 21, 1937 (Latest)		Oct. 13, 1937 (Close)	Oct. 20, 1937 (Close)	Oct. 21, 1937 (Latest)
1. Rails & Transport							
Atchafalaya	46½	43½	43	Int. Tel. & Tel.	154½	152½	153½
Balt. and Ohio	13½	12½	12½	Western Union	32	31½	31½
B.M.T.	13	10½	11½	Radio	8½	7½	7½
Can. Pacific	8½	8½	8½	Radio B. Pref. New	61	57	56
Ches. and Ohio	38½	38½	39	3. Extractive and Metal Industries			
Gt. Nthn. Ry. Pf.	33½	27½	27½	Am. Rolling Mills	26	24	24½
Illinois Central	12½	12½	12½	Beth. Steel xd	59½	49½	49½
N.Y. Central	21½	19½	19½	Beth. Steel Pref. xd	98	90	95
Nor. Pac.	15½	12½	13½	Repub. Steel	20½	17½	17½
Pennsylvania R.R.	24½	24½	25½	U.S. Steel	69	61½	60½
Southern Ry.	14½	13½	14½	U.S. Steel Pref.	115½	115	115
Union Pac.	96½	98½	98½	Alaska Juneau	101	104	104
Greyhound Cp. New	10½	10½	10½	American Metal xd	31½	34	34
2. Utilities and Communications							
Am. Waterworks	11½	11½	12½	Bohn Aluminium	33½	27½	29
C. & S. S. S.	1½	1½	1½	Cerro de Pasco	52½	47	47½
Cons. Gas of N.Y.	27	28	28	Int. Nickel	46½	45½	46½
Col. Gas & Electric	8½	8½	8½	Kennecott	38½	38½	38½
Elec. Bond & Share	9½	9½	9½	Pat. Mines	11½	11½	11½
Nat. Pwr. and Lt.	6½	7½	7½	Texas Gulf Sulph.	30½	30½	31
North American	18½	18½	18	U.S. Smelt.	68	53½	62
Pac. Gas & Electric	25½	26	26½	Vanadium Corp.	18½	14½	15½
Pac. Lighting	39½	40	40½	Atlantic Refining	20½	24½	23½
Pub. Service N.J.	52½	53½	53½	Phillips Petroleum	44	40½	49½
Stan. Gas & Elec.	3½	4½	4½	Shell Union	17½	20½	19½
United Corp.	3½	4½	4½	Shell Union Pref.	99	98	98
United Gas Imp.	10½	10½	10½	Socony Vacuum	15½	15½	16
				Stand. Oil Calif.	53½	54	54½

(Continued on page 180)

THE STANDARD BANK OF SOUTH AFRICA LIMITED

Bankers to the Imperial Government in South Africa; and to the Governments of Northern Rhodesia, Southern Rhodesia, Nyasaland and Tanganyika

CAPITAL Authorised and Subscribed	£10,000,000
CAPITAL PAID UP	£2,500,000
RESERVE FUND	£3,000,000
CAPITAL UNCALLED	£7,500,000
	£13,000,000

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THE STANDARD BANK MONTHLY REVIEW is sent post free on application. It gives the latest information on all South, East and Central African matters of Trade and Commercial Interest.

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

[illegible]

(a) Interim dividend. (b) Final dividend. (c) 12 annas per share. (d) Including bonus of 5% free of tax. (e) Calculated on basis of 18 annas per share or Rs. 9. (f) Taken at 16 annas per share. (g) Yield worked on a 35% basis. (h) Yield worked on a 16½% basis. (i) Special jubilee bonus of 25%.

(*) Based on current annual dividend rate \$2.00 per share. (**) Free of Income Tax. (***) Yield worked on the 35% basis. (****) Total dividend 25 per cent., of which 17½ per cent. cash and 7½ per cent. taken in deferred ordinary stock, to one rupee. (v) Annas per share. (vi) Dividend on old shares, before 80 per cent. capital bonus. Yield at 25 per cent. = {8.3; 0.1.; at 18 per cent. = \$9.19. 0d. (vii) 1931-2 and 25 per cent. dividend on old shares, after 80 per cent. cash bonus. Yield at 25 per cent. = {8.3; 0.1.; at 18 per cent. = \$9.19. 0d.

(Continued from page 177)

Stand. Oil N.J.	Oct. 13, 1937 (Close)	Oct. 20, 1937 (Close)	Oct. 21, 1937 (Close)	Oct. 13, 1937 (Close)	Oct. 20, 1937 (Close)	Oct. 21, 1937 (Close)
Texas Corp.	52½	53	53	44½	44	44
4. Manufacturing						
Briggs	29	26	28	Glidden	29	27
Chrysler	80½	66½	66½	Gen. Am. Transp.	41	40½
Electric Autolite	25	22	23	Allied Mills	16½	15½
General Motors	42½	40	40	Celanese of Amer.	23	22½
Hudson Motor Car	88	88	88	Ind. Rayon Newxd	26	23
Murray Corp.	7	6	6	Colgate Palmolive	159	163
Nash-Kelvinator	13	12½	13	Eastman Kodak	12	10½
Packard Motor Car	5½	6	6½	Gillette	12	10½
Bendix Aviation	13½	12½	13	Lambert Co.	16	15½
Boeing Airplane	26½	21	21½	Loews	63½	63½
Douglas Aircraft	39½	32	33	20th Century Fox	27½	25½
United Aircraft	21½	17½	17½			
Air Reduction	60	59½	62½	5. Retail Trade and Food		
Allied Cheml.	181	170½	168	Montgomery Ward	41½	39½
Col. Carbon	88	82	84	I. C. Penney Co.	80	77
Comm. Solvents	9	9½	9½	Sears Roebuck	67½	66½
Dupont	128½	131½	128	United Drug	8	7½
Union Carbide	83	79	78½	Walgreen	27½	22½
U.S. Ind. Alcohol	20½	19	19½	Woolworth	40	39½
A.L. Chalmers	45½	43	44	Borden	20½	20½
General Electric	40	41½	41	Gen. Foods	31½	32½
Westinghouse	106½	106	102	Kroger Grocery	16½	17½
American Can.	93	90	90	Nat. Biscuit	21	20½
Addressograph	23	21	22½	Nat. Dairy	16½	16½
Caterpillar	67	61½	65	Standard Brands	93	10
Cont. Can.	50½	47	48½	Am. Tobacco B.	73	72
Ingersoll Rand	92	87½	87	Liggett Myers B.	86½	87
Intnl. Harvester	81	79½	79½	Lorillard	17	18½
Johns-Manville	86½	85	85	Reynolds Tob. B.	45½	46
Am. Radiator	12	13½	12	National Distillers	24½	22½
Com. Products	59½	51½	52	Schenley Distillers	32	29½
J. I. Case and Co.	111	102½	106	6. Finance		
				Commercial Credit	46	44½
				Atlas Corp.	10½	10
				Com. Invest. Trust	48	47½

CAPITAL ISSUES

ONLY one issue—and that an industrial offer—has appeared this week. Although those responsible could not have foretold what was in the Duce's mind, they hit the best market day of the week. Elsewhere, the authorities, recognising that a 10 per cent. subscription of the Sheffield loan and a discount of one point on the new scrip provided inauspicious circumstances for further issues, suggested that the Liverpool Corporation might postpone their loan—understood to be of £3 millions—until the weather is clearer. *Joshua Bigwood and Son*, whose 6 per cent. preference shares are issued at par and the 4s. ordinary shares at 5s. 6d., is a general engineering concern, whose profits have nearly doubled, taking an annual rate, during the latest period. The profits record, set out for a span of nine years, shows that the depression was weathered with four years of stable profits but at a level which would present a different earnings percentage from the 16 per cent. shown on the issue price, and based on the profits of the latest period. Statements for information only have been published by *Hardwick Colliery*, *Bazaloni Tea*, *Fourth Conversion Investment Trust*, and the *Province of New Brunswick*, which seeks permission to deal in 5 per cent. thirty-year debentures due 1962.

TOTALS OF CAPITAL ISSUES DURING WEEK

Net Sales of National Savings Certificates, Week ended October 16, 1937, Dr. £100,000

	Nominal Capital	Conversions	New Money
To the Public	133,000	...	157,375
To Shareholders only	1,386,900	...	2,481,800
By Stock Exchange Introduction	863,750	...	863,750
By Permission to Deal	374,901	...	524,944

Total Capital Raised—	Including Conversions	Excluding Conversions	Total offered for Subscription—	Including Conversions	Excluding Conversions
1937 (New Basis)	469,724,209	420,478,046	Whole Year (New Basis)	...	...
1937 (Old Basis)	288,071,371	221,907,687	1936	642,017,245	494,139,785
1936 (New Basis)	381,701,636	280,300,158	1935	698,313,125	357,525,440
1936 (Old Basis)	251,584,579	151,991,792	Whole Year (Old Basis)	...	...
January 1 to date (Old Basis)	259,494,003	131,124,700	1936	402,470,003	255,570,993
1935	335,940,627	145,928,927	1935	548,351,393	236,147,637
1934	504,011,033	329,981,302	1934	410,980,300	169,108,700
1928	...	...	1933	467,921,500	244,780,500
	...	...	1928	683,000,056	369,058,073

Destination of Capital (Excluding Conversions)

	United Kingdom	British Empire (excluding United Kingdom)	Foreign Countries	Total
January 1 to date—	380,342,232	57,877,455	2,258,359	420,478,046
1937 (New Basis)	203,697,009	16,718,178	1,492,500	221,907,687

Nature of Borrowing (Excluding Conversions)

	Debentures	Preference	Ordinary	Total
January 1 to date—	209,416,307	27,010,875	184,050,864	420,478,046
1937 (New Basis)	151,698,824	16,571,365	53,639,498	221,907,687
1937 (Old Basis)	98,748,271	32,918,612	148,633,275	280,300,158
1936 (Old Basis)	80,739,369	17,299,890	53,952,043	151,991,792
Whole Year (Old Basis)	212,517,900	45,062,800	111,177,600	369,158,100
1937 (New Basis)	222,064,300	12,733,700	9,982,500	244,780,500
1937 (Old Basis)	102,708,330	21,481,000	44,878,400	169,108,700
1936 (Old Basis)	137,188,509	31,686,741	37,265,387	206,140,637
1935 (Old Basis)	180,527,116	24,423,647	70,626,330	255,570,993
Whole Year (New Basis)	212,517,900	45,062,800	111,177,600	369,158,100
1937 (New Basis)	222,064,300	12,733,700	9,982,500	244,780,500
1937 (Old Basis)	102,708,330	21,481,000	44,878,400	169,108,700
1936 (Old Basis)	137,188,509	31,686,741	37,265,387	206,140,637
1935 (Old Basis)	180,527,116	24,423,647	70,626,330	255,570,993

Liverpool Loan.—At a meeting on October 20th of the Liverpool City Council Finance Committee it was agreed, on the advice of the Bank of England, to withdraw proposals for issuing £3,000,000 3½ per cent. stock. The money was required to repay mortgage loans and for capital expenditure.

BY OFFER FOR SALE

Joshua Bigwood and Son.—Offer for sale of 136,000 cumulative 10s. preference shares at par and 325,000 4s. ordinary shares at 5s. 6d. Engineers and ironfounders founded 1874. Net assets, £127,579, including shares of a subsidiary acquired for years to March 31: 1935, £13,967; 1936, £12,986; sixteen months to July 31, 1937, £30,926. London Industrial Finance Trust take issue at 10s. per preference and 5s. 3d. per ordinary share, including £95,000, plus £23,000 repayments. Undertaking before subsidiary added sold for £119,900 (goodwill £4,820) in 120,000 preference and 299,500 ordinary shares. Lists closed 9.5 a.m. October 21st.

BY STOCK EXCHANGE INTRODUCTION

Province of New Brunswick.—£475,000 5 per cent. sinking fund debentures redeemable at par May, 1962. Issued to refund at 97½ and interest.

Fourth Conversion Investment Trust.—Issued capital £910,007 securities representing 1,040,000 sub-units of British Empire Fixed Trust units, comprehensive series, exchanged, the approximate value being £923,000. Trustees and managers forego £22,572 fees; with income over 18 years to Fixed Trust Investments, Ltd., who provide management services and receive usual return commission on sales and purchases.

Hardwick Colliery Company.—Issue of £250,000 5 per cent. prior lien debenture stock, of which Helbert Waggs and Company have guaranteed subscription at par for 2½ per cent. commission, or on notice from 1942 at decreasing premiums. Existing £82,715 New stock carries option to convert up to 40 per cent. into £1 ordinary shares at par up to 1942. £50,000 of 6 per cent. debentures issued. Company owns three collieries, etc., near Chesterfield. Total assets, end 1936, £568,397. Profits, 1935, Dr. £6,884, 1936, £37,367.

Bazaloni Tea Company.—Issued capital 75,304 £1 shares, and Indian company. Debenture stock redeemable at 102 by 1952 by call: 1934, £5,207; 1935, £11,387; 1936, £8,572.

PRIVATE PLACING

Bournemouth Gas and Water.—There has been placed privately £50,000 4 per cent. perpetual debenture stock. The proceeds for general expansion.

BY TENDER

Maldenhead Waterworks.—Sale by auction of 1,500 £10 "B" (7 per cent. maximum) shares at Maldenhead Town Hall on November 3rd, at 3 p.m.

West Gloucester Water.—Sale by tender of 4 per cent. preference stock to produce £92,969, at a minimum of 101.

ISSUES TO SHAREHOLDERS ONLY

Midland Bank.—The bank is offering shareholders one new £1 share at £2 for every £20 of paid-up capital held on 15th October. The object of the issue is to raise the proportion of capital to total deposits. The bank has an issued capital of £41,504,262, of which will be £712,400 in £1 shares. The nominal value of the new capital

Anti-Attrition Metal Company.—It is proposed to increase the capital to £125,000 by creating 250,000 new 2s. shares ranking with the existing ordinary shares, and to be offered at 3s., in the proportion of one new for four held.

Associated Fisheries, Ltd.—This company has decided to acquire two fleets of trawlers (27 vessels) for £700,000, which, except to run this new branch of the company's activities. To provide 7s. 6d. is being made in the proportion of two for five preferred ordinary and one for five deferred ordinary shares held on October 18th.

Harrisons and Crosfield.—Deferred ordinary stockholders have the option for one month to apply for new £1 deferred ordinary shares at par to the extent of one-half of the final dividend, less tax, in excess of 10 per cent. The excess in question is 15 per cent. The new shares will rank from July 1, 1937.

Tindals Gold Mines.—Issue of £60,000 10 per cent. five-year convertible notes at par. Noteholders will have option to convert for each £1 nominal of notes. There will be certain other options rights attaching to the notes.

CONVERSIONS AND REPAYMENTS

A.W. Second Stock Trust.—Redemption of all the £563,571 income debentures and an increase in the board's borrowing powers are proposed. Holders of income debentures are to be offered £120

for each £100 stock in satisfaction of all claims for principal and interest. Interest on the stock is cumulative, but only payable out of profits, and at June 30th last was six years in arrears. Meeting October 27th, Winchester House, London. 2.45 p.m.

RESULT OF ISSUES

British Aluminium Company.—The issue to shareholders of 1,000,000 new ordinary shares at 42s. 6d. has been subscribed to the extent of 92 per cent., leaving 8 per cent. to be taken up by underwriters.

Sheffield Loan.—Underwriters to £2,500,000 3½ per cent. stock, 1963, at 101, have had to take up 90 per cent. of the issue.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Paid	Oct. 13, 1937	Oct. 20, 1937
Bolton (Thos.) 5% Pref. £1	101	61	101	20/6-21/6
Essex 3½% 1957-62	101	51	101	101
Finchley 3½%	101	31	101	101
Herts County 3½%	101	26	101	101
Hull 3½%	101	56	101	101
Middlesex 3½% 1957-62	5/-	5/-	5/-	5/-
Odeon Theatres Ord. 5/-	99	59	99	99
Do. 5% 1st Debts.	101	5	101	101
Salford 3½%	101	5	101	101
Sheffield 3½%	101	10	101	101
Spear and Jackson 5/-	10/-	5/-	10/-	10/-
Western Holdings (5/-)	101	5	101	101
West Vlakfontein 2/6	101	5	101	101

WEEKLY TRAFFIC RETURNS
RAILWAYS OF GREAT BRITAIN AND IRELAND

Week ended Oct. 18, 1937 Week ended Oct. 15, 1937.		Miles Open	Gross Receipts, week ended Oct. 17, 1937 ('000)					Aggregate Gross Receipts, compared with 1936 (41 weeks) ('000)				
			Passen- ger, etc.	Merch- andise, etc.	Coal and Coke	Total Goods	Total Receipts	Passen- ger, etc.	Merch- andise, etc	Coal and Coke	Total Goods	Total Receipts
Great Western	1937		190	223	115	338	528	9,199	8,194	4,544	12,738	21,937
	1936		188	209	107	316	504	8,941	7,853	4,075	11,928	20,869
(c) L. & N. Eastern	1937		316	364	270	634	950	14,303	13,786	10,083	23,869	38,172
	1936		295	362	250	612	907	13,674	13,311	9,452	22,763	36,437
L. M. & Scottish	1937		488	558	264	822	1,310	21,862	20,143	10,355	30,498	52,360
	1936		466	528	253	781	1,247	21,028	19,552	9,768	29,320	50,348
Southern	1937		287	71	31	102	389	13,695	2,549	1,218	3,767	17,462
	1936		277	63	32	95	372	13,016	2,597	1,245	3,842	16,858
Total	1937		19,081	12,816	6,804	18,966	3,177	59,059	44,672	26,200	70,872	129,931
	1936		19,122	12,226	6,162	18,042	3,030	56,659	43,313	24,540	67,853	124,512
(c) Belfast & Co. Down	1937		80	1-7	...	0-5	2-2	110-6	...	...	19-6	130-2
	1936		80	1-8	...	0-5	2-3	112-1	...	...	22-2	134-3
(c) Great Northern	1937		543	9-8	...	10-2	20-0	471-2	...	...	385-8	857-0
	1936		543	9-3	...	10-4	19-7	459-8	...	...	399-9	859-7
(c) Great Southern	1937		2,076	31-3	...	49-4	80-7	1,546-0	...	...	1,685-7	3,231-7
	1936		2,124	30-4	...	51-7	82-1	1,533-5	...	...	1,719-5	3,253-0

COMPARISON WITH CORRESPONDING PERIODS, 1935 and 1936

	Great Western	L.M.S.	L.N.E.R.	Southern
Second half-year, 1936, compared with second half-year, 1935: Gross increase or decrease...	+ 491	+ 1,575	+ 751	+ 378
First half-year, 1937, compared with first half-year, 1936: Gross increase or decrease...	+ 670	+ 1,329	+ 1,187	+ 359
Second half-year, 1937, compared with second half-year, 1936: Gross increase or decrease...	+ 398	+ 683	+ 548	+ 245
Weekly average second half 1937: Latest week 1937 compared with 1936	+ 26½	+ 45½	+ 36½	+ 18½

LONDON TRANSPORT

	Takings (before pooling)	Compared with corresponding period of last year
Week ending Oct. 16, 1937	£574,300	+ 7,900
Aggregate 16 weeks to Oct. 16, 1937	£8,973,300	+ 39,900

OVERSEAS RAILWAY RECEIPTS

OVERSEAS RAILWAYS				Gross Aggregate Receipts			
Name	Weeks	Ending	Present Mileage	Gross Receipts for Week		Gross Aggregate Receipts	
				1937	+ or -	1937	+ or -
INDIAN							
		1937		Rs.	Rs.	Rs.	Rs.
Assam Bengal	26	Sept. 30	1,330	\$71,300	+ 30,297	87,79,381	+ 6,05,008
Bari Lt. Ry.	26	20	202	\$3,100	+ 5,300	8,34,800	+ 15,69,988
Bombay & N. Western ..	26	30	2,111	\$60,525	+ 26,733	1,92,00,505	+ 61,100
Bombay-Nagpur	26	30	3,268	\$23,75,000	+ 3,70,150	4,56,23,525	+ 57,63,529
Bombay, Bar. & C.I.	27	Oct. 10	3,072	\$30,07,000	+ 2,21,000	6,12,29,000	+ 44,47,000
Bombay, Bar. & S. Mahr.	26	Sept. 30	3,229	\$11,27,000	+ 77,380	3,69,74,696	+ 5,35,199
Madras & S. Mahr.	26	30	546	\$1,89,178	+ 12,368	36,14,618	+ 1,45,931
Madras & Kurnool	26	30	532	\$1,67,548	+ 1,64,056	2,81,01,968	+ 10,78,148
South Indian	26	30	2,532	\$16,75,448			
				* 10 days.			

COMPANY MEETINGS

UNITED STEEL COMPANIES, LIMITED

SUBSTANTIAL INCREASE IN EARNING CAPACITY
INCREASED DIVIDEND ON LARGER CAPITAL
CONTINUED PROGRESS OF THE INDUSTRY
BENEFITS FROM CO-OPERATION AMONG PRODUCERS
IMPORTANT WORKS EXTENSIONS
SIR WALTER BENTON JONES'S ADDRESS

The seventh annual general meeting of the United Steel Companies, Limited, was held, on the 15th instant, in the Council Chamber of the Federation of British Industries, 21 Tothill Street, London, S.W.

Sir Walter Benton Jones, Bt. (the chairman), presided.

The Secretary having read the notice convening the meeting and the report of the auditors,

The Chairman said:—Ladies and gentlemen,—I have to move: "That the report of the directors produced, together with the annexed statement of the company's accounts at June 30, 1937, duly audited, be received, approved and adopted," and I assume that you take both the report and the statement of accounts as read.

PROGRESS IN GENERAL RECOVERY

For the last four years at these meetings I have been able to refer to continued progress in general recovery from the great depression of 1931 and 1932. Since our last meeting the industrial activity of the world has risen to a level never reached before. In this country in the industries in which we are engaged demand in the last two years has been persistent, and is producing a state of prosperity much needed to make up for the lean years of the past.

Our company began to recover a little sooner than others in the same industry. Nevertheless, it still continues its upward progress, and the accounts and report which your directors have had the pleasure of placing before you show the progress made in the last financial year. The balance of profit shown in the profit and loss account, you will see, is £1,850,330. The continued progress is due not only to a larger volume of production, and latterly to some extent to rising prices, but also to economies which have resulted from the money we have spent in recent years on improvements and extensions, which economies have substantially increased the earning capacity of the company. It is interesting also to note that no benefit has yet been derived from the increase in capital made last year.

I am afraid you may have found the report rather bulky. We attached to it an addendum giving a short account of the various branches of the company which we hope will give you a clear picture of its properties and show you the part which the company is playing in the steel trade, both in meeting the present heavy demand and in development. The outstanding features of this account are, I think you will agree, the broad basis on which our business is founded, the spreading of our activities over three industrial areas, our resources in raw materials, and the number and variety of the products which we make. I hope you have found the addendum interesting and that it will be useful to you for future reference, but I do not want you to think that we shall make a practice of inflicting upon you so large a volume.

PROVISION FOR DEPRECIATION

In the report itself, the balance of profit shown in the profit and loss account, the provisions to be made for depreciation and obsolescence, for taxation and for redemption of debenture stock, our contribution to pension schemes, the addition to general reserve, the dividend recommended and the balance to be carried forward are clearly set out. The provision for depreciation and obsolescence is larger than the amount required by the formula adopted in 1933 and is more than was provided last year, but the directors think it is wise to make a larger provision in a good year. Moreover, as plant and machinery are increased the risks of obsolescence, a thing which cannot be accurately measured, become greater, and it is necessary to make substantial provision against them.

In the profit and loss account both the interim dividend paid and the final dividend recommended are shown as debits. The

result of this change in form is to show in the profit and loss account the total sum paid in dividends and to leave as the balance taken to the balance sheet the actual amount to be carried forward to next year.

In the balance sheet all the issued capital is now on the same footing and is shown as one figure. The final payment on the shares issued in May, 1936, was made in July of that year, all the shares are therefore fully paid and they have been converted into stock. Creditors and sundry amounts outstanding are lower, due to payment of amounts outstanding on account of capital expenditure. There is an increase in amount owing to subsidiary companies. The other variations on the capital side of the account have been explained in the report.

ADDITIONS TO THE ASSETS

On the other side additions to fixed assets have increased freehold land and properties by £308,000. These additions to the assets of the company, with the additions made by subsidiary companies, amount to a total sum of £946,724. The available cash resources now appear under three heads, Government securities, money at short notice, and cash at bank and in hand. They have been augmented by the final payment on the new shares amounting in round figures to £1,500,000 and stand at £3,900,000.

Under the heading of shares in and amounts owing from subsidiary companies the reduction in the value of shares and in & Sons, Limited, of Sheffield, and the amount owing on current subsidiary companies unpaid to June 30th is larger than in the previous year. Lastly, there have been some additions to investments in associated companies.

DIVIDEND OF 8½ PER CENT.

The final dividend recommended is 6 per cent., less tax, making 8½ per cent. for the year. Not only is this an increase of 1 per cent., but it is payable upon the present capital, which is one-third or £2,205,455 greater than the capital which ranked for dividend last year.

That concludes what I have to say about the report and accounts. They are, I feel sure you will agree, the most satisfactory we have as yet presented to you and indicate a substantial strengthening of the position of the company.

We must remember that an important part has been played by our staff in obtaining these results. Our staff is highly organised, it is comprised of competent and energetic men who have the interests of the company at heart and I believe are proud of it. I am sure we shall all wish to convey to them our appreciation of their work. (Hear, hear.)

I wish also to refer to our workpeople, with whom our relations are cordial and friendly. I believe they too take an interest in the progress of the company and will like to know that we have remembered them at this meeting. (Applause.)

THE OPERATING SIDE

When I turn to the operating side of our business and our works I find difficulty in picking out matters of outstanding interest. To those of us who are engaged in the every-day work so much seems of exceptional interest that to give an account of the operations of the year would fill a large volume. To some extent the addendum will give you an idea of the work in which the company is engaged, and perhaps all I can usefully add is information about the rate at which the works have been operated and the prospects of the immediate future. I shall also say something about what is called the reorganisation of the steel

trade and I shall tell you something more about the extension at Appleby-Frodingham.

In the present state of demand there are few departments in any steelworks which have not been working at full capacity during the last twelve months. Our experience is that the increase in demand at home is general, with shipbuilding perhaps leading the way. We have also increased our export trade, especially in the second half of the year. The demand both at home and for export continues.

The quantities of coal, coke, pig iron and steel ingots produced by the company are given in the addendum to the report, and you will have seen that in each case the figures are higher than in the previous year. The finishing departments have also been well occupied.

HIGHER COSTS

Costs are higher. We have to give more for the materials which we buy and we are paying higher wages to our employees. The price of coal, which affects us as buyers as well as sellers, has risen gradually throughout the year, but the total increase of 1s. 3d. per ton recorded by the Mines Department cannot be regarded as excessive. Latterly the prices of steel have been advanced to meet the increased costs of production, but these advances assisted us only in the last two months of the year.

When trade activity rises it is inevitable that prices also rise, and when this happens it is not unusual for buyers to complain. At the present time we hear complaints of the price of steel and of other things, and there is an implication that prices are higher than need be because as a result of organisation there is now closer co-operation among producers. When we consider that the consumption of steel has more than doubled since 1932 we should not wonder so much why prices have risen but rather be surprised that the producers are able to go so far towards meeting the increased demand.

ADVANTAGES OF CO-OPERATION

In my opinion, and I am sure this is shared by all steelmakers, prices would have been higher than they are now if the present system of co-operation in the trade had not been established. I think close investigation would show that where a trade is organised and producers are co-operating, the variation in prices is less and certainly is more gradual than where individuals without any restraint are free to fix any price they may choose. I can give two examples affecting our own operations. In the coal-mining industry very large quantities of timber are used in the form of pit props. These are nearly all imported, and it is usual to buy them over comparatively short periods varying from six to twelve months. Quite recently without any warning prices have been doubled. This action has raised the cost of mining coal by several pence per ton.

Another example is the price of coke, which is not controlled and of which I may speak without prejudice because we ourselves are large producers. In some districts the price of coke has risen out of proportion to the increase in cost, that is to say, it has been increased arbitrarily, and this increase is tending to push up the prices of things in the manufacture of which coke plays an important part. I should like to say about the prices of steel that they are not fixed arbitrarily but only after consideration by very responsible persons, including the Import Duties Advisory Committee, who have the opportunity of reviewing all the circumstances which may justify an increase in price.

CRITICISM ANSWERED

A few weeks ago it was announced that the German State proposed to develop as a public enterprise low-grade iron ore in certain ore fields which had not been previously developed, and that part of the State plan was to build on these ore fields three large new works to produce annually several million tons of iron and steel.

This was made an occasion to criticise the British iron and steel industry. It was stated that this enterprise had been made possible by adopting a new British process for smelting low grade iron ores, which it was suggested was not receiving the attention it deserved in this country, and it was said that reorganisation of the British iron and steel industry had gone only a little way.

I do not object to criticism; it is stimulating; nor do I wish to be argumentative. But there are over 24,000 stockholders in our company and some of them may ask if this criticism is well founded. It is not. There is nothing new in smelting low-grade iron ores in this country. In none of our iron ore fields, with the exception of the relatively small hematite field on the north-west coast, does the average iron content exceed 32 per cent., and in North Lincolnshire it is only 22 per cent. In the Midlands

it has been the practice for many years to rely entirely upon these lean ores, and the ores which it is said the German State is now proposing to develop are certainly not leaner than the 22 per cent. ores which have been successfully smelted in North Lincolnshire for over 70 years.

QUESTION OF NEW PLANTS

When people speak about reorganisation of an industry it is not always clear what they mean. Frequently the word is used to mean the replacing of existing works by complete new works designed in imitation of works operating in some other country. But the fact that works of a particular kind or size seem to those who build them in another country the most suitable for their needs is not in itself a reason for imitation by others. In this country, when new plant is required either to replace what is worn out or to supply a new demand, there will be general agreement that it should incorporate all the knowledge and experience gained in any and every country of what is most suitable for the duty it has to perform.

It may be taken that important new installations in this country will stand this test. But the real question in this aspect of reorganisation is, to what extent and when, plants which are less modern than the practice of to-day should be replaced? Many plants no longer new have many years of life left in them and are still only a little less efficient than modern plants, which in addition to the high capital charges they have to bear require nearly full-time operation to be economical. The answer to this question surely is that the time and extent of replacement must depend on the circumstances of each case.

MACHINERY FOR CO-OPERATION

Others who criticise the industry mean by reorganisation machinery for co-operation. This question of co-operation in effect is a question of management in its broadest sense. The steel industry is what it is, and whether its shape is good or bad it cannot be altered in a moment. It consists of all the undertakings engaged in what is called the heavy steel trade, and these it should be noted are already concentrated in a small number of units, and a large number of undertakings which form the finishing end of the industry. These are managed by a number of individuals, but if at a single moment the management could be concentrated in one man or in a single governing body, there would still be the same number of units and they would still require the same number of individuals on the spot to direct them.

Without a system of co-operation the difference between these two systems of management would be that while the individual managing each unit, without a system of co-operation, would do what seemed best to himself, the individuals managing under a centralised system would do only what the governing body directed. It would answer no purpose to consider the relative merits of these two extremes because we have left the first and have not yet arrived at the second. The question which arises really is, how far towards the second we should go and at what speed? I think the answer to this question is that experience will show, and we must learn to walk before we try to run. Few indeed advocate complete centralisation, but if we look at what has been done already we find much progress has been made.

BRITISH IRON AND STEEL FEDERATION

Within the last few years complete machinery, which we call the British Iron and Steel Federation, has been designed for securing far-reaching co-operation. The machinery, which incorporated all existing co-operating machinery, brings all these bodies together and co-ordinates their activities so that they may carry on their business without hurting one another and at the same time provide the quantities and kinds of steel which are required of them. The Federation is governed by a council and an executive committee of elected representatives; Sir Andrew Duncan is a whole-time chairman and he works with a small consultative committee selected from the executive committee.

EFFECTIVE CO-OPERATION

This organisation was designed by the industry itself and has been accepted voluntarily. It may not be unreasonable to claim that except in matters of detail, which cannot be adopted without a great deal of preparation and which experience may prove are not necessary, co-operation is now as complete and as effective as in any other country. The organisation negotiates for the whole of the trade with the international steel cartel and it sells all the heavy steel which is exported abroad. Recently it has organised the distribution among its members of home-made scrap and has made collective purchases of all the pig iron and scrap required to be imported from abroad. It is in effect controlling

the prices of many classes of steel and it is consulted by all who contemplate major additions and improvements to their works.

A few months ago the Government asked the Import Duties Advisory Committee to make an investigation of the iron and steel industry. The Import Duties Advisory Committee has at all times taken great pains to understand the working and the needs of the industry and has rendered great assistance in the working out of its problems. The report of this committee does not bear out the suggestion that the steel trade is not proceeding with re-organisation sufficiently fast; on the contrary it says in so many words that great progress had been made.

WORKS EXTENSIONS

I now come to extensions to the works. The most important of these are at Samuel Fox and Company and at Appleby-Frodingham.

At Samuel Fox and Company we are developing the making and finishing of finer products, and the greater part of the extensions and improvements which we have made there and are still making are for this purpose.

The policy of developing Samuel Fox and Company as a special steel works has been fully justified by results. It will interest you to know that we find more and more that special steel development must go hand in hand with specialised research. Our central research laboratory, which is situated at these works under Dr Swinden, has assisted in the production of new products to a remarkable extent, as well as in the reduction of cost of our general products. You will also be interested to know that the new steels we are constantly producing are for the service of new rapidly developing industries making goods for consumption. Our trade with them should not be affected by fluctuations in demand to the same extent as are many of the heavy steel products which we manufacture and which are required for capital purposes.

CAPACITY OF NEW PLANT

The scheme of extensions at Appleby-Frodingham is by far the largest we have so far undertaken, and I shall therefore tell you something more about it.

Here we are building a new blast-furnace works, a new coke-oven works, we are extending the steel-melting shop, and we are adding to the rolling plant. The new blast-furnaces and coke-oven works are placed on new ground, and this part of the scheme includes a complete layout for the assembling and stocking of raw materials, additional facilities for railway traffic, and consequential alterations to the layout of the existing works. The scheme makes provision for duplicating the blast-furnace works and the coke-oven works at a later date. The present extension will increase iron-making capacity to 900,000 tons per annum, the steel-making capacity to 800,000 tons per annum, and will provide 300,000 tons of coke per annum. The provision for duplication makes it possible at some later date to bring the iron-making capacity up to 1,250,000 tons per annum, the steel-making capacity up to 1,000,000 tons per annum, and the coke-making capacity up to 600,000 tons per annum. A part of the extension to the steel-works was put into operation in May of this year. Work on the ironworks and coke-oven works was started in June, and it is expected that they will be completed in the second half of 1938. There is no present intention to proceed with the duplication.

QUESTION OF SIZE OF BLAST-FURNACES

You may have heard it said that blast-furnaces in this country are too small, and you may ask me what we are doing about this at Appleby. I can answer this question most shortly by a series of statements:—

Very large blast-furnaces are only suitable for large steelworks where large quantities of iron are converted into steel, which in turn is manipulated in large quantities.

The largest furnace in the world is in the United States of America, and it is said to be capable of making 1,400 tons of iron per day.

In the United States the opinion now is that a capacity of 1,000 tons per day is the economic maximum.

The ores used in furnaces which produce 1,000 tons per day are much richer than the ores generally used in this country.

In considering the size of a blast-furnace it should be borne in mind that the output of iron from a furnace is no real criterion of its capacity, for this depends entirely on the iron content of the ore smelted. It can readily be seen that an ore containing 50 per cent. of iron would require a furnace of much smaller dimensions for a given daily output than a furnace using ores with an iron content of 20 to 25 per cent. The lower the iron content of the ore, the more coke is required for smelting, so that in dealing with these lean ores some six tons of material has to pass through the furnace in order to produce one ton of pig iron, whereas with richer ores the quantity of material to pass through the furnace

for a ton of iron would be no more than three to three and a half tons.

The economy which has resulted from the use of large furnaces is not altogether the result of the use of large furnaces. The operating of large furnaces requires especially methodical assembling of raw materials and the blending and treating of raw materials. These arrangements contribute to the lower cost of production.

The blast-furnaces which we are putting down at Appleby will be the largest in this country. They will have all the latest arrangements for assembling, treating, and blending of materials, and it is estimated that they will produce 500 tons of iron per day. If these furnaces were fed with the materials which are fed to furnaces producing 1,000 tons per day in the United States they would produce 1,000 tons per day. It can be safely said that these new furnaces will be equal to the best American practice both in output and economy of production.

THE FUTURE

Let us now turn to a consideration of the future.

For some years I have given you figures relating to the production of steel in Great Britain, Western Europe, and the United States of America to illustrate the progress of recovery in the steel trade and to suggest that progress would continue. The demand for steel and the manufacture of steel have completely recovered. I shall not burden you to-day with these figures, which, of course, you can get from statistical records. It will, however, interest you to see in each case the present rate of production compared with the production of 1929.

Production in million tons	Great Britain	Western Europe	U.S.A.
1929	...	...	...
Lowest point reached in depression	9.6	34.2	56.2
1937 (first six months multiplied by two)	5.2	17.3	13.6
	12.6	32.8	57.5

In the first half of 1937 Western Europe had not quite regained the 1929 level, while the United States had just passed it. In Great Britain we exceeded the 1929 rate of production by three million tons per annum, or 31 per cent. We consumed steel at a rate 30 per cent. higher than in 1929. Our exports, which have been stationary for the last three years, were still only at two-thirds of the rate at which we exported in 1929, but they exceeded the rate of the previous three years by half a million tons.

The world's requirements of steel must continue to grow. In this country the regulation of imports will insure for us a generally higher level of production for home use. The raw materials we possess and the geographical advantage of close proximity to the high seas which we share with all British industries make export trade more easy for us than for many other countries. For these reasons it seems certain that the production of steel in this country is now established at a permanently higher level.

COAL TRADE IMPROVEMENT

The coal trade also has shown a marked improvement in recent months. We are now consuming as much coal at home as we did in 1929, and although exports are still only 62 per cent. of what they were in 1929, the volume of them and the higher prices realised have brought much relief to the coalfields engaged in export trade.

I referred at the beginning of my remarks to the high level to which industrial activity rose in 1936. The statistics published by Geneva also tell us that primary production, both non-agricultural and agricultural, passed the level of 1929, the previous peak. It is strange how little attention has been attracted by these records of progress and the evidence they afford of the ability of the world to provide employment and to raise the standard of life.

This great activity is all the more interesting because it follows a universal depression, the depth of which, in the experience of most of us, was unprecedented. So many changes have taken place since then that it is not easy to discover what is the new base line from which trade activity in the future is to be measured, but one thing is certain, the present level is not even yet high enough to provide us in this country with full employment for our labour and our resources. We must do all we can not only to maintain this level but to raise it higher still. (Applause.)

Captain R. S. Hilton seconded the resolution and it was carried unanimously.

The payment of a final dividend at the rate of 6 per cent. making with the interim dividend of 2½ per cent. a total distribution for the year of 8½ per cent., was unanimously approved; the retiring directors, Mr James Henderson and Mr Andrew Jolliffe, were re-elected; and the auditors (Messrs Peat, Marwick, Mitchell and Company) having been reappointed, the proceedings terminated.

ROAN ANTELOPE COPPER MINES, LIMITED

REVIEW OF THE COPPER POSITION

Mr A. Chester Beatty, the chairman, presiding in London, on the 20th instant, at the tenth ordinary general meeting of the Roan Antelope Copper Mines, Limited, said:—With an average realised price of £51 per ton for our copper, and a total all-in cost of about £25 10s. per ton, excluding only taxation, the accounts show a net profit of £1,790,308 compared with £514,487 for the preceding year. After providing for the interim and final dividends for the year, involving the distribution of approximately one million pounds net to shareholders, there still remains a balance of £263,120 to be carried forward, as against £147,445 in the preceding year.

In my review of the copper position of October last year, I pointed out that the consumption of copper was increasing. In Stocks were falling and production was being speeded up. In an effort to meet the demand, producers outside the United States increased production from August to the end of November, 1936, by 16,600 tons a month, and in January, 1937, all restriction was removed. (I am now referring to short tons of 2,000 lbs.) Likewise in the United States operating mines increased their production to full capacity, and a number of mines which had been closed down for several years resumed operations. Increased consumption both in the United States and elsewhere continued until total deliveries reached an all-time high record of 216,800 tons per month in April, 1937. The increase in production, however, eventually made available more copper than was required for the market, and since May production has exceeded consumption, resulting in an increase in world refined stocks of 45,000 tons.

Since the end of August, 1937, production has been curtailed in the United States to bring output more nearly into line with the present requirements, and producers outside the United States have also agreed to restrict as from December 1, 1937, so that their production will be equal to 105 per cent. of basic quotas.

For the twelve months ended August, 1937, consumption outside the United States is estimated at 1,250,000 tons, as compared with 1,044,000 tons during the previous year. Production during the same period was 1,320,000 tons, thus exceeding consumption by 70,000 tons. Consumption outside the United States during the months of June to September inclusive has been at an average monthly rate of 111,000 tons. An output rate of 105 per cent. of basic quota is equal to approximately 112,000 tons per month.

At the present time, world stocks of refined copper stand at 345,000 tons, which is equal to about two months' requirements at the existing rate of consumption.

I have often stated that the copper producers who are members of the restriction scheme do not favour a high price for copper, and I should like to emphasise that the high prices which were reached during February and March of this year were not brought about by any deliberate policy of the producers. These high prices were largely the result of speculative buying owing to a general idea that there was a shortage of all commodities.

The changes which have taken place in the copper industry since I addressed you last year may, therefore, be summarised in general terms thus: In order to meet an upward trend in a consumption producers continued to increase output, and in a short time arrived at a decision to produce without any restriction. In the meantime, however, consumers sought to increase their stocks in anticipation of a rise in prices, and this fact, coupled with certain speculative buying, forced up prices rapidly. Within a few months, however, producers were able to bring greater supplies to the market, and a point was soon reached when production again exceeded consumption. Producers are now, therefore, again lowering output slightly, in order to steady the market and to keep supplies adjusted to requirements.

The quarterly statement of our estimated revenue and expenditure to September 30, 1937, will be issued to shareholders with reprints of the proceedings at this meeting, and will show an estimated net profit of about £686,500, subject only to taxation. The average revenue from copper sales for that quarter works out at £58 9s. 4d. per ton, against an average for the last financial year of £51.

In accordance with the arrangement between producers to restrict output to 105 per cent. of basic quotas, the company's monthly quota, beginning December 1, 1937, will be 5,900 long tons of fine copper.

The report was unanimously adopted.

GOLD EXPLORATION AND FINANCE COMPANY OF AUSTRALIA, LIMITED

PROGRESS TO DATE

The third ordinary general meeting of this company was held, on the 19th instant, in London.

The Right Hon. L. S. Amery, M.P., chairman of the company, in the course of his speech, said:—In addition to interest on funds and loans amounting to £11,598 net, the profit and loss account this year includes a credit of £8,383 in respect of dividends on our holding in Triton Gold Mines. Transfer fees amounting to £158 bring the total revenue up to £20,139. After deducting directors' fees, and the expenses of the London and Melbourne offices, there remains a balance of £10,454. The whole of the cost incurred on the note issue, namely £9,058, has been written off, together with the balance of the expenses in connection with the formation of the company, against part of which there has been set off the amount standing to the credit of share premium account.

This tidying up of the position results in a debit balance of £788, which is carried to the balance sheet, and, together with the deficit brought forward from last year, makes a total of £21,566 to the debit of profit and loss account at March 31st last.

Our investments in the shares of subsidiary companies at the date of the balance sheet were £577,549, and in associated companies £322,636, a total of £900,185. Where quoted, some of our investments show at the present moment a considerable discount on cost price. It will not be possible to determine the value of our mining investments until we are in possession of more complete results from the extensive programme of development which has been in progress for some time on several of our more important properties. When we have this information we shall be able to determine what steps, if any, are necessary or desirable to adjust our balance sheet values.

There have been only two alterations of importance in our shareholdings during the year. One is our interest in Victoria Gold Dredging Company, which figures for the first time in this year's accounts. On our holding of 182,625 shares in this company—representing 73 per cent. of the issued shares—the sum of 4s. (A) per share had been called up at the date of the balance sheet. The other is the increase in our holding of Gold Mines of Kalgoorlie by 20,000 shares credited as fully paid.

Our cash position in London and Australia at the close of the year under review (excluding subsidiaries) amounts to £215,000, against a net debit, including loan, of £77,000 a year ago.

EXPLORATION SUCCESSES

Let me remind you that it was as recently as July, 1934, that this company entered upon the business of exploration in the hope of locating and subsequently developing and equipping profitable producing mines. The element of speculation must obviously enter into such a programme, and complete success in every item was scarcely a reasonable expectation. We have had disappointments, of which Bendigo is an example. Nevertheless, we are now in a position to say that the greater part of the exploratory stage lies behind us and that its results have, on balance, been definitely successful. You will realise that the further stage of building up and equipping big mines with all the necessary services, including housing, in relatively remote centres, involves not only capital aid effort but a considerable period of time before the full reward of enterprise can be expected.

Meanwhile Gold Mines of Kalgoorlie has just paid its maiden dividend, less than three years after its formation, and appears to be well set on a profitable career. At Central Norseman an extensive campaign of exploration has given results justifying the development and equipment of the property as a major producer. In Triton we have a large interest in a good mine. Cox's Find is yielding satisfactory profits to the Western Mining Corporation. Evanston and Waverley have definite chances, while the new find which we have under option at Mount Ida, near Leonora, looks as though it might be something out of the ordinary.

These interests, together with dividends which the estimate of our technical advisers entitles us to expect from Victoria Gold Dredging, confirm my statement that we have been definitely successful in the opening stage of our working campaign and can look forward to the future with confidence. So far as the coming year is concerned, providing that nothing untoward happens in international affairs, and there is no artificial interference with the price of gold, we should record substantial progress.

The report and accounts were adopted.

HERRBURGER, BROOKS, LIMITED

PIANO TRADE PROSPECTS

The seventeenth annual ordinary general meeting of Herrburger, Brooks, Limited, was held, on the 18th instant, in London, Sir Louis Sterling (the chairman) presiding.

The Chairman, in moving the adoption of the report and accounts, said: The gross profit shows an increase of approximately £1,000, but, unfortunately, this is offset by the necessity to provide for the National Defence Contribution as well as a slightly increased charge for income tax. As regards the latter, the charge represents, as usual, the sum necessary to maintain the income tax account at a figure which will cover all liability in respect of profits made up to and including the year under review. As regards the National Defence Contribution, it should be realised that so far as the accounts under review are concerned, owing to the date of commencement of the contribution, it has been necessary to provide for a quarter of the year only. For next year, therefore, assuming that the profits are maintained on the present basis, a further charge of approximately £1,500 will be necessary.

Advantage was taken by your directors during the year of re-investing in British Government and British Government Guaranteed Securities a considerable portion of cash held on deposit. These securities have been included in the balance sheet at cost, but the actual market value at June 30th last, and at the present moment, is less than the figure shown to the extent of about £3,000. As stated in the report, it is proposed that a final dividend of 9 per cent. should be paid as last year, and that the balance of £28,180, against £24,573 brought in, should be carried forward in the profit and loss account.

With regard to subsidiary companies, these are wholly owned and are in possession of assets consisting only of cash, and no profit or loss arises out of the affairs of these companies. This method of keeping the accounts of the subsidiary companies ensures that the results of all the trading of your company are shown in the accounts presented to you.

PROSPECTS OF CONSIDERABLE EXPANSION

The remarks I made last year have been justified by the results now before you, and while at the moment, owing to various influences, many trades, including our own, appear to show a little hesitancy in their progress, we feel that this is of a temporary nature and that the piano can at any rate be considered as re-established on a firm basis with, of course, prospects for considerable expansion. As I have stated on previous occasions, we are in what might be called an unfortunate position inasmuch as, being suppliers to the trade only, we can do little to influence the retail trade in any direction, but whatever that trade may be, we feel sure that we shall continue to have our usual proportion thereof. We have, however, been able to make one little contribution towards that end inasmuch as, notwithstanding the increases which have taken place over the last few months both in wages and raw materials, we have so far not increased the prices of our products. At the same time, our policy is still, and will continue to be, not only to maintain, but if possible to improve, the high standard of quality which has always been associated with our products. Given, therefore, general trade prosperity, the piano trade should undoubtedly take its share, and provided these hopes materialise your directors feel that they can view the future with confidence and optimism.

The report and accounts were unanimously adopted.

BRITISH RUBBER ESTATES OF JAVA (1932), LIMITED

LARGELY INCREASED PROFIT

The fifth ordinary general meeting of British Rubber Estates of Java (1932), Limited, was held, on the 19th instant, at 38 Mark Lane, London, Mr James Davenport (the chairman) presiding.

The Chairman, having first referred to the loss the company had sustained by the death of Mr Stanlake Lee, said:—When we met twelve months ago I expressed the hope that at our meeting to-day I should have a more cheerful story to tell. That hope has been realised. The accounts now before us are the best we have had since 1928, and the improvement shown the three commodities produced by us have all contributed. Briefly, the working result for the past year was a profit on rubber of £59,164, on tea a profit of £9,619, and on coffee £2,669, or a total gross profit of £71,452. The corresponding figure in the preceding year was £12,463, so that the improvement last year was no less than £58,989.

The balance sheet, as I have just said, shows a strong and liquid position with cash, Government securities and produce totalling upwards of £130,000. The taxation reserve of £5,136 appearing in our present balance sheet is in respect of last year's working, and provides for taxation in Java and also in this country, including the new N.D.C. tax.

I have pleasure in proposing "That the directors' report and the audited accounts for the year from July 1, 1936, to June 30, 1937, as circulated and submitted to this meeting, be and they are hereby received and adopted, and that a dividend at the rate of 5 per cent. per annum, less income tax at 5s. per £, be declared."

The resolution was carried unanimously.

BROOME RUBBER PLANTATIONS, LIMITED

IMPROVED RESULTS—DIVIDEND OF 15 PER CENT.

The fourth annual general meeting of this company was held, on the 20th instant, at 19 Fenchurch Street, London, Sir Lionel Smith-Gordon, Bart. (chairman), presiding.

The Chairman, in the course of his speech, said: The profit for the year was £32,342 11s., and the directors propose to pay a final dividend of 10 per cent., making 15 per cent. for the year, and carry forward a balance of £5,704 17s. 9d., subject to directors' additional remuneration and staff bonus.

Rubber sales at £61,262 are more than double the corresponding figure of £30,081, while on the other hand the cost of producing the exportable crop was £28,668, against £17,428, or about two-thirds more. The net average price realised for 1,725,371 lb. of rubber exported was 8.52d. per pound, which is equal to 9.3d. per we obtained for last season's crop. F.o.b. cost works out at 3.99d., as compared with 3.7d. per pound. The small increase is due to rising costs generally, and may be considered satisfactory.

Standard production for the year 1937 has been assessed at 2,476,884 pounds, of which 90 per cent., or, say, 2,230,000 pounds, may at present be exported. The output for the three months July-September amounted to 599,380 lb., so we are ahead of our already sold 680,000 lb. of the new season's crop at a price equivalent to 9½d. per pound London landed terms.

We have embarked on a steady replanting programme, so that areas which are uneconomic may be replaced with high-yielding stock.

We have started the year well, but recently the price of rubber has fallen sharply owing to causes mainly not concerned with rubber. We must not forget that the rubber regulation scheme that if our commodity remains below, say, 9d., the committee will not make a cut in the January-March exportable quota to restore the price to a fairer level.

The report and accounts were unanimously adopted, and the alterations in the articles of association were approved.

BATU RATA (SUMATRA) RUBBER PLANTATIONS, LIMITED

DIVIDEND OF 10 PER CENT.

The twenty-seventh annual general meeting of this company was held, on the 19th instant, in London.

Mr A. P. Hadow (the chairman) presided, and, in the course of his speech, said that the crop of 930,692 lb. of rubber harvested for the season was approximately 30,000 lb. more than they were permitted to export. With crops larger than anticipated the problem had been how to confine the harvest to requirements under the restriction scheme. The quantity of rubber the company was permitted to export during the year realised the gross average price of 8.78d. per lb., as compared with 6.87d. per lb. for the previous year.

The result of the year's working was a net profit of £15,678, and the total at credit of profit and loss account was £19,745. The directors had allocated £1,000 to special cultivation reserve account; the interim dividend of 2½ per cent. absorbed £3,750, per cent., which would take £11,250, leaving £3,745 to be carried forward.

In the present anxiety concerning affairs in certain parts of the world, shareholders would not expect him to express views regarding the future. He thought they all felt that the inter-

national regulation of rubber exports had operated in a fair and reasonable manner for both consumers and producers, and that it was directed with skill and efficiency by the International Committee. As producers, they had to watch very carefully their costs and the quality of their produce, and do what they could to assist the manufacturers to increase consumption.

The report and accounts were unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended October 16, 1937, amounted to £12,527,000, against ordinary expenditure of £16,461,000. After increasing Exchequer Balances by £97,225 the operations for the week, as shown below, increased the gross National Debt by £4,304,000, to about £8,231 millions.†

(000's omitted)			
Treasury Bills	+ 15,254	Bank of England Advances	— 3,500
		Public Department Advances	— 7,050
		National Savings Certificates	— 100
		P.O. and Teleg. (Money) Acts	— 300
	+ 15,254		— 10,950

† Including £575 millions on account of Exchange Equalisation Account.

An approximate analysis of the National Debt as at September 30, 1937, appeared on page 41 of *The Economist* of October 2.

Receipts into the Exchequer					
REVENUE	Estimate for the year 1937-38	April 1, 1936, to Oct. 17, 1936	April 1, 1937, to Oct. 16, 1937	Week ended Oct. 17, 1936	Week ended Oct. 16, 1937
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	288,150,000	56,301,000	63,576,000	1,064,000	2,071,000
Sur-tax	58,000,000	6,380,000	7,110,000	100,000	210,000
Stamp Duty	89,000,000	45,870,000	50,130,000	1,670,000	1,400,000
Estates, etc., Duties	29,000,000	11,490,000	11,010,000	490,000	400,000
Other Inland Revenue	1,500,000	130,000	150,000	...	...
Duties	2,000,000	...	...	...	...
National Defence Contribution	2,000,000	...	...	...	...
Total Inland Revenue	467,650,000	120,171,000	131,976,000	3,324,000	4,081,000
Customs and Excise—					
Customs	219,850,000	114,653,000	121,716,000	3,545,000	4,584,000
Excise	113,150,000	59,200,000	58,700,000	5,300,000	1,900,000
Total Customs and Excise	333,000,000	173,853,000	180,416,000	8,845,000	6,484,000
Motor Vehicle Duties	34,000,000	9,183,000	9,349,000	535,000	601,000
Post Office (Net Receipts)	11,800,000	6,900,000	6,510,000	900,000	900,000
Crown Lands	1,350,000	630,000	640,000	...	94,103
Receipts from Sundry Loans	4,300,000	2,969,145	3,547,985	109,082	366,549
Miscellaneous Receipts	11,000,000	13,484,850	8,261,349	...	...
Total Ordinary Revenue	863,100,000	327,190,985	340,700,334	13,713,082	12,526,652
SELF-BALANCING REVENUE					
Post Office (Revenue required to meet expenditure on Post Office and Broadcasting)	75,198,000	35,700,000	38,190,000	1,050,000	900,000
Total	...	362,890,985	378,890,334	14,763,082	13,426,652

Issues out of the Exchequer to meet payments					
EXPENDITURE	Estimate for the year 1937-38	April 1, 1936, to Oct. 17, 1936	April 1, 1937, to Oct. 16, 1937	Week ended Oct. 17, 1936	Week ended Oct. 16, 1937
ORDINARY EXPENDITURE					
Interest and Management of National Debt	224,000,000	127,405,389	129,826,697	5,023,875	4,661,010
Payments to Northern Ireland Exchequer	8,000,000	3,232,234	3,673,093	...	...
Other Consolidated Fund Services	3,200,000	1,349,460	1,866,091	...	...
Post Office Fund	300,000	...	...	...	...
Total	235,500,000	131,987,083	135,365,881	5,023,875	4,661,010
Total Supply Services (excluding Post Office and Broadcasting)	162,734,800	289,031,679	321,628,747	8,800,000	11,800,000
Total Ordinary Expenditure	398,234,800	421,018,762	456,994,628	13,823,875	16,461,010
SELF-BALANCING EXPENDITURE					
Post Office Vote and Vote for Broadcasting	75,198,000	35,700,000	38,190,000	1,050,000	900,000
Total	...	456,718,762	495,204,628	14,873,875	17,361,010

† Including margin for Civil Supplementary Estimates but excluding £80,000,000 estimated to be met from borrowed moneys under the Defence Loans Act, 1937.

‡ Motor Vehicle Duties apportioned to Road Fund treated as Self-Balancing in 1936-37 now added to Revenue and Expenditure figures for purposes of comparison.

The aggregate issues and receipts from April 1, 1937, to October 16, 1937, are shown below:—

(000's omitted)			
Ordinary Expenditure	457,015	Ordinary Revenue	340,700
Issue to Exchange Equalisation Fund (July, 1937)	200,000	Gross borrowing	321,905
Increase in balances	75	Less:—	
		New Sinking Fund	5,506
		Old S. Fund, 1907-08	9
		Net borrowing	316,390
	657,090		657,090

POSITION OF THE FLOATING DEBT

	Oct. 17, '36	Mar. 31, '37	Oct. 16, '37	Movement week ended Oct. 16, '37
Ways & Means Advances Outstanding:				
Advances by Bank of England	18,650,000	23,535,000	34,430,000	— 3,500,000
Advances by Public Departments	838,570,000	674,595,000	893,600,000*	+ 15,250,000
Treasury Bills outstanding	857,220,000	698,130,000	828,030,000	+ 4,700,000
Total Floating Debt	1,854,390,000	1,626,255,000	1,856,060,000	+ 231,805,000

TREASURY BILLS BY PUBLIC TENDER

Tenders for £50,000,000 Treasury Bills were opened on October 15, 1937. The amount applied for was £88,145,000. Tenders were accepted for Treasury Bills at three months dated Monday to Friday at £99 17s. 3d. about 40 per cent. and above, in full; Saturday at £99 17s. 4d. and above, in full. The average rate per cent. was 10s. 9.20d.

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 4, 1935	30,000,000	49,560,000	27,500,000	0 6 1 84
July 5, 1935	40,000,000	60,905,000	40,000,000	0 12 4 32
January 3, 1936	35,000,000	68,075,000	35,000,000	0 10 10 72
July 3, 1936	50,000,000	72,750,000	50,000,000	0 12 1 27
January 1, 1937	40,000,000	75,450,000	40,000,000	0 12 5 83
April 2, 1937	45,000,000	73,025,000	43,000,000	0 10 10 88
July 2, 1937	45,000,000	72,860,000	42,000,000	0 11 0 45
October 1, 1937	50,000,000	84,285,000	50,000,000	0 10 9 02
October 8, 1937	50,000,000	81,745,000	50,000,000	0 10 9 43
October 15, 1937	50,000,000	88,145,000	50,000,000	0 10 9 20

THE BANKERS' GAZETTE

BANK OF ENGLAND

RETURN FOR WEEK ENDED WEDNESDAY, OCTOBER 20, 1937

ISSUE DEPARTMENT

	£		£
Notes Issued:—		Government Debt	11,015,100
In Circulation	484,346,172	Other Government Securities	188,430,531
In Banking Department	42,060,453	Other Securities	541,630
		Silver Coin	12,739
		Amount of Fiduciary Issue	200,000,000
		Gold Coin and Bullion	326,406,625
	526,406,625		526,406,625

BANKING DEPARTMENT

	£		£
Proprietors' Capital	14,553,000	Government Securities	99,603,165
Reserve	3,126,815	Other Securities:—	
Public Deposits*	29,774,453	Discounts and Advances	6,467,772
Other Deposits:—		Securities	£23,250,073
Bankers	£89,329,419		
Other Accounts	£36,251,711	Notes	29,717,845
	125,581,130	Gold and Silver Coin	42,060,453
			1,653,935
			173,035,398

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

Both Departments	Amount, Oct. 20, 1937	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	484,346,172	— 5,512,477	+ 44,245,979
Public deposits	29,774,453	+ 3,714,753	— 7,822,967
Bankers' deposits	89,329,419	+ 3,592,031	+ 7,904,268
Other deposits	36,251,711	— 161,298	+ 4,869,649
Total outside liabilities	169,701,755	— 5,551,053	+ 39,468,631
Capital and res.	17,679,815	+ 14,553	— 1,279
Government debt and securities	299,048,796	— 5,447,957	— 38,141,183
Discounts and advances	6,467,772	— 2,779,947	— 276,353
Other securities	23,791,703	+ 2,775,033	— 379,128
Silver coin in issue department	12,739	+ 714	— 121,292
Coin and bullion (bank's reserves)	328,060,560	— 84,343	+ 78,383,308
Reserves of notes and coin in banking department	43,714,388	+ 5,428,134	— 25,862,671
Proportion of reserve to outside liabilities—			
(a) Banking Department only ("proportion")	28.1%	+ 3.5%	— 15.3%
(b) Gold stocks to deposits and notes ("reserve ratio")	51.3%	+ 0.4%	+ 9.7%

(000's omitted)

Date	Issue Department		Banking Department				Gold in or out of Bank	Bank Rate
	Notes	Circulation	Public Deposits	Bankers' Deposits	Other Deposits			
1937								
Sept. 29	526,407	488,470	21,805	95,122	37,179	ND	2	2
Oct. 6	526,407	491,834	17,954	102,131	36,805	Nil	2	2
" 13	526,407	489,859	28,060	92,921	36,413	Nil	2	2
" 20	526,407	484,346	29,774	89,329	36,252	Nil	2	2

(000's omitted)

Date	Issue Department		Banking Department				Gold in or out of Bank	Bank Rate
	Govt. Securities	Other Securities	Gold and Bullion and Reserve Ratio	Govt. Securities	Discounts & Advances	Other Securities		
1937								
Sept. 29	198,686	304	328,068	51.4	105,838	6,191	20,768	39,598
Oct. 6	198,686	297	328,104	50.4	105,838	6,191	20,768	39,598
" 13	198,409	579	328,145	50.4	105,838	6,191	20,768	39,598
" 20	198,446	542	324,061	51.4	99,603	6,468	23,250	43,714

BANKERS' CLEARING RETURNS

LONDON (000's omitted)

	Town	Metropolitan	Country	Total
January 1 to October 6, 1937	28,435,531	1,663,717	2,918,371	33,017,619
Week ended October 13, 1937	716,151	41,037	74,837	832,025
Week ended October 20, 1937	665,056	41,793	74,595	781,444
Total to date, 1937	29,814,738	1,746,547	3,067,803	34,629,088
Total to date, 1936	27,163,425	1,607,009	31,363,015	31,363,015
Increase or decrease in 1937	+2,651,313	+139,538	+275,222	+3,066,073
	= 9.8%	= 8.7%	= 9.0%	= 9.8%
Total for year 1936	35,039,356	2,039,620	3,537,598	40,616,574
Total for year 1937	32,443,575	1,887,112	3,229,064	37,559,751
Increase or decrease in 1937	+2,595,781	+152,508	+308,534	+3,056,823
	= 8.0%	= 8.1%	= 9.6%	= 8.2%

PROVINCIAL (000's omitted)

No. of working days:	Week ended October 16		Month of September (Dublin excluded)		Aggregate Totals, January 1 to October 16	
	1936	1937	1936	1937	1936	1937
BIRMINGHAM	2,607	2,220	10,426	9,744	- 6.5	106,740
BRADFORD	813	632	3,890	3,708	- 4.6	39,764
BRISTOL	1,346	1,327	5,498	5,446	- 0.9	52,445
DUBLIN	6,153	5,719	23,818	23,552	- 1.1	233,263
HULL	1,035	887	3,432	3,588	+ 3.9	33,818
LEEDS	1,012	1,112	3,648	3,929	+ 7.7	38,312
LEICESTER	768	855	2,975	3,113	+ 4.6	30,014
LIVERPOOL	5,883	6,913	25,795	25,894	- 0.3	252,050
MANCHESTER	10,849	11,128	42,473	43,404	+ 2.1	417,006
NEWCASTLE	1,277	1,504	5,422	6,297	+ 16.1	53,776
NOTTINGHAM	521	509	1,943	1,899	- 3.8	20,847
SHEFFIELD	855	904	4,042	4,264	+ 5.4	41,328
	33,219	33,570	109,564	111,256	+ 1.5	1,319,363

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Bank of Turkey appeared in *The Economist* for June 26, 1937. Egypt and Lithuania, in October 2. Argentina, Denmark, and International Settlements, Estonia, in October 9. Austria, Bulgaria, Czechoslovakia, Hungary, Latvia, Netherlands, New Zealand, Yugoslavia and Poland in October 16.

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

U.S.F.R. BANKS	Oct. 22, 1936		Sept. 30, 1937		Oct. 7, 1937		Oct. 14, 1937		Oct. 21, 1937	
	1936	1937	1937	1937	1937	1937	1937	1937	1937	1937
Gold Certificates on hand and due from the Treasury	8,809,330	9,127,390	9,127,390	9,126,890	9,126,890	9,126,890	9,126,890	9,126,890	9,126,890	9,126,890
Total reserves	8,875,350	9,453,960	9,438,620	9,430,300	9,430,300	9,430,300	9,430,300	9,430,300	9,430,300	9,430,300
Total cash reserves	253,550	316,140	300,810	293,760	293,760	293,760	293,760	293,760	293,760	293,760
Total bills discounted	6,170	23,590	23,060	23,450	23,450	23,450	23,450	23,450	23,450	23,450
Bills bought in open market	3,090	3,030	2,810	2,830	2,830	2,830	2,830	2,830	2,830	2,830
Total bills on hand	9,260	26,620	25,870	26,280	26,280	26,280	26,280	26,280	26,280	26,280
Industrial advances	26,430	20,600	19,680	19,620	19,620	19,620	19,620	19,620	19,620	19,620
Total U.S. Govt. securities	2,430,230	2,526,190	2,526,190	2,526,190	2,526,190	2,526,190	2,526,190	2,526,190	2,526,190	2,526,190
Total bills and securities	2,463,910	2,573,400	2,571,740	2,572,000	2,572,000	2,572,000	2,572,000	2,572,000	2,572,000	2,572,000
Total resources	12,106,940	12,775,450	12,756,420	12,774,300	12,774,300	12,774,300	12,774,300	12,774,300	12,774,300	12,774,300
LIABILITIES										
Federal Reserve notes in actual circulation	4,091,060	4,246,270	4,284,340	4,291,520	4,291,520	4,291,520	4,291,520	4,291,520	4,291,520	4,291,520
Aggregate of excess member bank reserves over requirements	2,130,000	1,060,000	1,090,000	990,000	1,020,000	1,020,000	1,020,000	1,020,000	1,020,000	1,020,000
Deposits—Member bank	6,693,450	7,032,830	7,003,030	6,918,900	6,938,800	6,938,800	6,938,800	6,938,800	6,938,800	6,938,800
Government deposits	85,340	140,270	76,180	83,230	81,560	81,560	81,560	81,560	81,560	81,560
Total deposits	7,009,060	7,542,100	7,500,590	7,459,890	7,498,930	7,498,930	7,498,930	7,498,930	7,498,930	7,498,930
Capital paid in and surplus	302,830	305,950	305,970	306,000	306,150	306,150	306,150	306,150	306,150	306,150
Total liabilities	12,106,940	12,775,450	12,756,420	12,774,300	12,834,710	12,834,710	12,834,710	12,834,710	12,834,710	12,834,710
Ratio of total reserves to deposits and F.R. note liabilities combined	80.0%	80.2%	80.1%	80.2%	80.2%	80.2%	80.2%	80.2%	80.2%	80.2%
U.S.F.R. BANKS AND TREASURY COMBINED										
Monetary Gold Stock	11,008,000	12,734,000	12,765,000	12,784,000	12,793,000	12,793,000	12,793,000	12,793,000	12,793,000	12,793,000
Treasury and National Bank Currency	2,514,000	2,596,000	2,596,000	2,601,000	2,603,000	2,603,000	2,603,000	2,603,000	2,603,000	2,603,000
LIABILITIES										
Notes in circulation	6,311,000	6,520,000	6,569,000	6,585,000	6,546,000	6,546,000	6,546,000	6,546,000	6,546,000	6,546,000
Treasury Cash and Deposits with F. R. Banks	2,491,000	3,715,000	3,686,000	3,717,000	3,736,000	3,736,000	3,736,000	3,736,000	3,736,000	3,736,000

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted)

	Oct. 22, 1936	Sept. 30, 1937	Oct. 7, 1937	Oct. 14, 1937	Oct. 21, 1937
Total gold reserves	3,321,240	3,694,280	3,626,520	3,572,980	3,638,020
Total bills discounted	5,130	14,660	14,180	14,640	9,000
Bills bought in open market	1,100	1,070	1,000	1,020	1,030
Total U.S. Govt. securities	645,240	725,030	725,030	725,030	725,030
Total bills and securities	657,780	746,140	744,920	745,380	739,730
Deposits—Member bank—reserve account	2,919,750	3,223,270	3,142,940	3,039,970	3,072,810
Ratio of total res. to dep. and Federal Res. note liabilities combined	85.1%	84.9%	84.6%	84.4%	84.8%

FEDERAL RESERVE REPORTING MEMBER BANKS

In \$'s (000,000's omitted)

	Oct. 7, 1936	Sept. 8, 1937	Sept. 15, 1937	Sept. 22, 1937	Sept. 29, 1937	Oct. 6, 1937
ASSETS						
Loans, total	8,703	10,041	10,049	10,019	10,004	9,972
Investments	13,904	12,274	12,183	12,016	12,022	12,013
Reserve with Federal Reserve banks	5,117	5,162	5,291	5,440	5,388	5,424
Due from domestic banks	2,346	1,619	1,775	1,746	1,737	1,764
LIABILITIES						
Demand deposits, adjusted	14,993	14,811	14,927	14,788	14,804	14,628
Time deposits	5,069	5,288	5,280	5,291	5,293	5,285
Government deposits	849	608	606	630	644	645
Due to banks	6,502	5,489	5,676	5,618	5,567	5,719

* In this item, comparison between May 29, 1937, onwards and preceding weeks is affected by a revision of the statement.

AUSTRALIAN COMMONWEALTH BANK

In £'s (000's omitted)

	Oct. 19, 1936	Sept. 29, 1937	Sept. 27, 1937	Oct. 4, 1937	Oct. 11, 1937	Oct. 18, 1937
ASSETS						
Gold and English sterling	16,002	16,007	16,007	16,007	16,007	16,007
Other coin, bullion and cash	6,013	4,890	5,443	5,379	5,389	5,668
Money at short call—London	21,145	35,042	35,829	34,609	37,991	36,065
Short-term loans	8,500	3,176	2,641	2,890	2,849	3,009
Securities	74,795	76,920	77,668	77,969	77,969	78,022
Discounts and advances	8,352	10,371	10,190	10,520	10,470	10,452
LIABILITIES						
Notes issued	47,038	47,354	48,284	48,284	48,284	48,284
Reserve premium on gold	7,753	7,753	7,753	7,753	7,753	7,753
Deposits	72,080	83,785	83,776	83,699	86,348	84,939

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

	Oct. 14, 1936	Sept. 29, 1937	Oct. 6, 1937	Oct. 13, 1937
ASSETS				
Reserve of which	185,160	208,116	209,953	211,805
Gold coin and bullion	179,440	179,474	179,539	179,449
Investments	144,246	170,364	176,170	178,354
LIABILITIES				
Note circulation	130,899	161,333	163,045	163,478
Deposits: Dominion Government	15,929	26,368	32,301	35,659
Chartered banks	175,966	179,986	181,656	181,787
Ratio of reserves to notes and deposit liabilities	57.3%	56.5%	55.6%	55.5%

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

	Oct. 9, 1936	Sept. 10, 1937	Sept. 17, 1937	Sept. 24, 1937	Oct. 1, 1937	Oct. 8, 1937
ASSETS						
Gold coin and bullion	22,930	22,940	22,949	22,938	22,939	22,948
Bills discounted: Foreign	5,646	5,445	6,032	6,385	6,136	5,430
Investments	1,748	1,726	1,725	1,725	1,725	1,725
Other assets	11,676	10,924	10,667	10,552	10,882	10,737
LIABILITIES						
Notes in circulation	14,675	15,969	15,317	15,241	17,307	16,388
Deposits: Government	2,631	1,601	1,989	2,499	1,868	1,758
Bankers	19,055	18,793	19,458	18,373	17,999	17,971
Ratio of cash reserves to liabilities to public	58.7%	59.9%	59.4%	58.7%	57.4%	57.7%

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

RESERVE BANK OF INDIA.—in Rupees (‘000’s limited)				
	Oct. 16, 1936	Oct. 1, 1937	Oct. 8, 1937	Oct. 15, 1937
ASSETS				
Gold coin and bullion	44,42.17	44,41.51	44,41.51	44,41.51
Rupee coin and bullion	67,72.66	62,20.61	61,61.10	61,84.24
Balances abroad	6,30.00	11,87.01	10,72.07	11,30.28
Sterling securities*	67,31.71	80,30.70	80,30.70	80,30.70
Indian Government rupee securities*	23,41.69	27,38.52	27,38.52	27,38.80
Investments	5,39.88	6,93.00	7,00.34	7,00.34
LIABILITIES				
Notes in circulation	1,69,84.62	1,80,21.97	1,85,21.93	1,86,91.10
Deposits : Government.	9,00.73	16,41.03	11,92.61	10,80.86
Banks	26,07.13	25,72.03	23,51.77	23,70.64

DIVIDEND ANNOUNCEMENTS

WYMAN AND SONS, LTD.—A scheme of arrangement is to be considered at meetings on November 11th. The proposals are that preference arrears of £94,628 gross should be cancelled, and that the fixed preference should be written down by £230,395, provided as to £110,108 by assets should be written down from general reserve, and £10,287 from profit reduction of capital, £10,000 from general reserve, and £225,054 6 pence and loss account balance. Existing capital of £490,108 in £225,054 6 pence and £145,054 7 pence preference shares and £120,000 ordinary shares is to become £380,000, all in ordinary capital. Holders of 6 pence preference shares will receive £140,000, 7 pence preference £105,000, and ordinary £35,000, representing reductions per £1 share of about 5s. 6d. and 14s. 2d., respectively.

‡ Free of Income Tax. (a) Paid on a larger capital. (b) Eleven months.
(d) To date.

mills in operation at the end of September than at the end of August, and 62 more than at the end of September, 1936, and, according to the latest returns, production represents 76.97 per cent. of allocated capacity. There is a steady demand for sheets as well as tinplates, and the blast furnaces and steel works are also fully employed under heavy contracts. Prices are unchanged. Shipments of tinplates at Swansea last week totalled 6,807 tons, compared with 11,723 tons the previous week and 9,650 tons a year ago, but there has been a good inland demand, and stocks show little change compared with the previous week.

OTHER METALS

COPPER.—After considerable fluctuations, the market closed on Wednesday showing a net loss on the week. Towards the end of last week sentiment improved owing to reports of better consumption and to the fact that September's increase in stocks was less than had been anticipated. On Tuesday, however, there was a sharp break in sympathy with the slump on Wall Street and with the decline in the U.S. domestic price. Quotations in London fell to the lowest level of the year and liquidation was heavy. On Wednesday some recovery took place following the improvement in the political outlook and the firmer tendency on Wall Street. The London market in copper closed on a firm note, and a further gain was recorded on Thursday.

The American Copper Institute statistics, published last week-end, showed that world stocks of refined copper rose by 13,420 tons from 331,310 tons in August to 344,730 in September. The rise was less than expected, for apparent consumption showed a recovery from 170,180 to 183,900 tons between August and September. World output last month aggregated 197,320 tons compared with 188,385 tons in August. Sales on the London Metal Exchange: 900 tons on Monday, against 1,550 tons last week; 3,300 tons on Tuesday, against 2,500 tons last week; 3,200 tons on Wednesday, against 1,700 tons last week. Domestic spot was quoted at 10.77½ cents per lb. in New York on Wednesday, against 11.57½ cents a week ago and 12.77½ cents a month ago. Wednesday's official closing price for standard cash in London was £43 7s. 6d. to £43 10s. per ton, compared with £45 12s. 6d. to £45 15s. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 9,630 tons, showed an increase of 831 tons, while stocks of rough copper, at 16,468, were 200 tons smaller.

LEAD AND SPECTER.—After scoring a slight improvement in the early part of the period under review, lead suffered a further setback on Tuesday in sympathy with copper. Dealings were heavy and prices sank to the year's lowest. On Wednesday the market was again barely steady. Specter has also been generally weaker on poor buying interests and reports of declining activity in the galvanising industry. Heavy liquidation carried prices down to a new low level on Tuesday and, despite a fractional improvement on Wednesday, the market closed on that day showing a heavy loss on the week. Quotations are now at a level which makes production in many areas barely remunerative. While it cannot be assumed that prices will not go lower, lead and specter would doubtless both respond favourably to an improvement in copper.

Sales of lead on the London Metal Exchange: 900 tons on Monday, against 650 tons last week; 4,500 tons on Tuesday, against 600 tons last week; 1,050 tons on Wednesday, against 900 tons per lb., against 6.00 cents a week ago and 6.50 cents a month ago. Wednesday's official closing quotation in London for soft foreign for shipment during the current month was £17 13s. 9d. to £17 15s. per ton, compared with £18 to £18 1s. 3d. last week.

Sales of specter on the London Metal Exchange: 1,050 tons on Monday, against 1,050 tons last week; 3,250 tons on Tuesday, against 2,850 tons last week; 1,900 tons on Wednesday, against 1,700 tons last week. Wednesday's quotation in East St. Louis was 6.00 cents per lb., against 6.25 cents the week before and 7.25 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £16 13s. 9d. to £16 16s. 3d. per ton, against £17 15s. to £17 17s. 6d. last week.

TIN.—The market has been weak during most of the period, and quotations have suffered a decline of some £13 10s. on the week. Besides the general uncertainties of the political situation and periodic bouts of weakness on Wall Street, the market has been depressed by a number of more specific factors. On the supply side, there was a substantial increase in exports from the principal producing areas last month; and though this increase was to some extent merely a reflection of the previous month's decline, it remains true that stocks in the American automobile and tinplate industries, and a certain volume of stop loss orders has contributed to the collapse of prices this week. Some recovery was evident on Wednesday, and a further rise of no less than £14 15s. per ton took place on Thursday.

Exports from the principal restricting countries amounted to 16,827 tons in September, against 14,953 tons in the previous month and a permissible quota of 18,044 tons. Shipments from Malaya increased substantially and were well in excess of the month's quota, but exports from the Dutch East Indies, Nigeria and Siam showed a decline.

Sales of tin on the London Metal Exchange: 350 tons on Monday, against 275 tons last week; 610 tons on Tuesday, against 325 tons last week; 400 tons on Wednesday, against 425 tons last week. The New York quotation on Wednesday was 48.37½ cents per lb., against 51.50 cents a week ago and 59.62½ cents a month ago. Wednesday's official closing quotation in London for standard cash was £210 10s. to £211 per ton, compared with £224 to £224 5s. a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 2,320 tons, an increase of 148 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted on Wednesday at £100 per ton, and rolling billets at £102 per ton. Nickel, for home and export, was maintained at £180 to £185 per ton. Quicksilver, on the spot, was £13 5s. to £13 5s. 6d. per flask of 76 lbs., the same as last week. Chinese antimony was quoted at £83 per ton, ex warehouse; as against £83 to £84 last week. Chinese wolfram for "October-November" shipment was quoted at 110s. to 115s. per unit, c.i.f., as against 115s. to 120s. last week. Refined platinum was quoted on Wednesday at £9 10s. per ounce, compared with £9 10s. a week earlier.

TEXTILES

COTTON—Manchester.—Some traders have been confused by the abnormal raw cotton situation and the uncertain political outlook. The opinion is gaining ground, however, that more favourable opportunities of purchasing manufactured goods are not likely to exist in the near future. Considering the big prospective supplies of raw cotton, the recovery in prices in Liverpool and New York has been fairly well maintained. Much depends upon what is done at the special session of the American Congress next month. It is understood that the plan of President Roosevelt will

provide for abundant harvests being absorbed into the national granary, supplies being released in crop failure years. Speculative interest in the article has been very limited.

A steady business has been done in the yarn market. American qualities encouraging sales have been arranged in coarse and medium count twist and weft. The pressure for the delivery of wefts is still very acute. Ring qualities are not so favourably situated as a month ago, but it is reported that the price agreement is about to be placed on a legalised basis. Rather freer buying of Egyptian yarns has taken place.

Inquiry in piece goods has shown some expansion. Some sellers have secured more orders, but others have not been able to report any improvement in sales. Limited operations have taken place for the several outlets of India, although more demand has been met with than earlier in the month. A steady business has been done for South America, the Continent and the Dominions, but home trade buyers have given out orders rather cautiously. Some difficulties are being experienced in absorbing dear goods bought a few months.

COTTON PRICES

	1937				Corresponding Date	
	Sept. 29	Oct. 6	Oct. 13	Oct. 20	1935	1936
Raw Cotton—Mid. American per lb.	4.96	4.76	4.77	4.89	6.43	7.00
„ Sakellaris Fully Good Fair Egyptian per lb.	8.45	7.81	8.65	8.52	9.05	11.03
„ Giza Fully Good Fair Egyptian per lb.	7.49	6.89	7.62	7.54	108	111
Yarns—32's twist per lb.	124	12	12	117	108	111
„ 40's twist per lb.	11	10	10	108	104	111
„ 60's twist (Egyptian) per lb.	174	174	174	174	16	164
32-in. Printers, 116 yds., 16 by 16, 32's and 50's s. d.	19 11	19 0	19 0	19 0	17 7	18 6
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's s. d.	25 9	25 6	25 6	25 6	24 9	25 10
38-in. ditto, 38 yds., 18 by 18, 10 lb. s. d.	10 11	10 9	10 9	10 9	10 4	10 4
39-in. ditto, 37 yds., 16 by 15, 8½ lb. s. d.	9 11	9 10	9 10	9 10	9 4	9 4

JUTE.—Dundee.—The Dundee jute trade is almost idle. Buyers appear to be waiting for lower prices, but, with the rates for raw jute so well maintained, spinners and manufacturers are unable to reduce their terms. The only alternative is to curtail production, and many establishments have stopped looms and are working short time. It is a remarkable fact that, while the imports of raw jute into up-country are several months past, spinners have been anticipating lower prices and Dundee this season to date is only about one-half of that arrived and afloat more freely, a notable increase in the exports of the fibre from Calcutta to Italy and America having taken place.

Jute goods from India are still being imported in large quantities into this country, and for the first nine months of this year piece goods to the extent of 132 million yards were received, compared with 105 million for the same period last year. Dundee interests are still hammering at the question of a quota or tariff on these goods, which are at present allowed to enter free of duty. Negotiations for a new agreement to take the matter is therefore still in abeyance.

The full group of Daisee-2/3 is offered at £19 17s. 6d. and four at £18 17s. 6d., with Tossa-2/3 at £21 and four at £20, October/November. £21 5s., October/November.

Jute yarns are slow in most cases, but Rove and carpet descriptions are best off and very firm. For 48 lb. Rove £21 5s. is now lowest, and for 200 lb. £17 15s. to £18 have been paid. Carpet 14 lb. warp has been largely sold at 3½d. and 3½d. The hessian qualities are more or less neglected at from 2s. 1½d. for common 8 lb. cops and 2s. 2½d. for 8 lb. yarns are dull at 2½d. to 4d. for 3 ply 8 lb., and sacking 39-in. is very dull at from 2½d. for 10 oz. 40 in. and 2½d. for 8 oz., with little or no inquiry being made.

Calcutta goods have ruled unchanged at 17s. 6½d. for 10 oz. 40 in. and 14s. 3½d. for 8 oz. A fair steady business has been done at the primary centre, all buying countries participating.

GRAIN MARKETS

WHEAT.—Prices generally show little alteration, except those for the best grades of Manitoba and Gulf winters, which have risen sharply. The past week, but the bearish influence of this news has been largely offset by a sustained demand. Southern hemisphere crop reports will, however, be of considerable importance for the market in the near future.

On Wednesday last, "December" futures were quoted in Chicago at 99½ cents per bushel, against 97½ cents the week before and 105½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern wheat (Atlantic), ex ship, 58s. 9d. per 496 lbs., against 55s. 9d. last week; No. 2 Northern Manitoba (Atlantic), ex ship, 55s. 9d., against 54s. 3d. last week. According to the *Corn Trade News*, total shipments of wheat and flour last week amounted to 1,365,000 quarters, against 1,448,000 quarters in the previous week and 1,308,000 quarters in the corresponding week a year ago.

FLOUR.—Demand has been quiet and prices are unaltered. Wednesday's London quotations (excluding quota payments) were: 40s. 6d. a week ago; delivered inner London, 40s., as against 40s. a week ago. Manitoba patents, ex store, 39s. 6d. to 41s., as against 38s. 9d. to 32s. 6d. a week ago. Australian, ex store, 32s. 3d. to 33s. 3d., as against 32s. 3d. to 33s. 6d. a week ago.

BARLEY.—Imported feeding barley has been in rather quiet request with prices a shade easier. "October" futures were quoted at 82½ cents a bushel in Winnipeg on Wednesday, as against 84½ cents last week. Quotations per 448 lbs. in London on Wednesday were: "English feed" at farm, not quoted; "English malting" (new), at farm, 50s. to 52s., as against 46s. to 48s. a week ago; Californian, ex ship, 51s. 6d. to 53s., as against 45s. to 48s. a week ago; Chilean, brewing, ex ship, 45s. to 48s., as against 45s. to 48s. a week ago.

OATS.—On Wednesday, "December" futures were quoted at 30½ cents per bushel in Chicago, against 29½ cents a week ago and 31 cents

last month. Quotations in London, Wednesday: "English Black" (new), at farm, 27s. to 28s. per 336 lbs., as against 27s. to 28s. last week; "English White" (new), at farm, 27s. to 28s., as against 27s. to 28s. a week ago; mixed Canadian feed (Vancouver), landed, 26s. 6d. per 320 lbs., as against 26s. 9d. a week ago.

MAIZE.—A rather firmer tone has been in evidence and prices are a shade higher. "December" futures were quoted on Wednesday at 59½ cents per bushel in Chicago, against 58½ cents a week ago, and 65½ cents last month. Quotations in London, Wednesday: "Plate," landed, 28s. 9d. per 480 lbs., as against 29s. 6d. a week ago; "Plate," ex ship, 28s. 9d., as against 28s. 6d. a week ago; "Plate," "October," 28s. 6d., as against 28s. 3d. a week ago; yellow maize meal, ex wharf, was quoted at £7 10s. per ton, as against £7 10s. last week.

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

NEAREST FUTURE	Jan. 2, 1935	Dec. 31, 1935	Oct. 21, 1936	Dec. 30, 1936	Oct. 13, 1937	Oct. 20, 1937
Winnipeg (No. 1, Manitoba) Cents per 60 lbs.	82½	84½	111½	129	121½	125½
Chicago (No. 2, Winter) Cents per 60 lbs.	98½	101½	114½	135½	97½	99½

The visible supply of wheat in Canada amounts to 73,266,000 bushels, against 74,135,000 bushels last week and 87,684,000 bushels in the corresponding week last year.

SALES AND PRICES OF BRITISH CEREALS.—The following table gives the estimated sale of home-grown wheat during the harvest years 1934-35 to 1937-38.

	1934-35	1935-36	1936-37	1937-38
Estimated sales of home-grown wheat—				
1 week to October 16	Cwts. 426,155	Cwts. 462,156	Cwts. 388,877	Cwts. 480,508
7 weeks to October 16	3,584,168	3,377,179	2,562,760	2,734,600
Average price of English wheat per cwt.	s. d. 5 0	s. d. 6 1	s. d. 8 6	s. d. 9 5

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

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
October 14, 1933	Cwts. 317,238	Cwts. 527,304	Cwts. 38,598	s. d. 4 10	s. d. 10 6	s. d. 5 5
October 18, 1934	426,155	453,715	68,250	5 0	9 8	6 7
October 19, 1935	462,156	497,969	49,012	6 1	9 3	6 2
October 17, 1936	388,877	474,279	69,620	8 6	10 1	6 10
October 9, 1937	409,570	492,114	74,085	9 3	12 7	8 7
October 16, 1937	480,508	595,175	89,356	9 5	12 9	8 8

OTHER FOODS

BACON.—The market has been slow and prices have an easier tendency. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 96s.; Canadian, 88s.; Danish, 95s.; against 100s., 92s. and 99s. last week. Arrivals in London last week included: Danish, 14,263 bales; Canadian, 4,528; Dutch, 2,710; Lithuanian, 1,586; and Polish, 3,519; as against 13,187, 3,929, 2,337, 1,799 and 3,342 bales, respectively, in the previous week.

BUTTER.—The firm tone has been maintained this week and prices have again been marked up. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 137s.; Australian, choicest salted, 137s.; Danish, 146s.; compared with 134s., 134s. and 140s., respectively, a week ago.

CHEESE.—Cheese has been in quiet demand this week but prices, except for New Zealand, have been generally steady. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English Cheddars, finest farmers, 90s. to 92s.; Canadian, finest coloured, 71s. to 72s.; and New Zealand, finest coloured, 68s. 6d. to 69s.; against 90s. to 92s., 70s. to 72s., and 69s. 6d., respectively, a week ago.

COCOA.—A further sharp break in prices has occurred this week. The spot quotation in New York on Wednesday was 5½ cents per lb., as against 6½ cents per lb. last week. In London, on Wednesday last, good fermented new crop, Accra, "November-January," was quoted at 26s. 9d. sellers per 50 kilos, c.i.f. Continent, against 28s. 3d. a week ago. Last week's movements of cocoa in London were as follows: Landed, 869 bags; delivered for home consumption, 2,887 bags; exported, 845 bags; stocks, 213,996 bags, against 149,825 bags a year ago.

COFFEE.—The London spot market was quiet, while the New York market showed a weaker tendency. On Wednesday, Rio No. 7 (cash) was quoted at 8½ cents per lb., in New York, as compared with 9 cents per lb. last week and 9 cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 77 cwt.; delivered, for home consumption, 70 cwt.; exports, nil; stocks, 1,834 cwt., against 9,849 a year ago. Central and other South American: Landed, 346 cwt.; delivered, for home consumption, 2,051 cwt.; exported, 281 cwt.; stocks, 80,150 cwt., against 70,578 cwt. last year. Other kinds: Landed, 524 cwt.; delivered, for home consumption, 3,882 cwt.; exported, 740 cwt.; stocks, 73,023 cwt., against 103,169 last year.

EGGS.—The tone of the market has become quiet and rather irregular. But prices generally show little alteration compared with those ruling a week ago. At Smithfield, on Wednesday, English (ordinary packing, Grade 1, about 15-15½ lb.) realised 19s. to 20s. per 120, against 18s. 6d. to 19s. last week; while Danish (15½ lb.) made 14s. 6d. to 14s. 9d., as against 14s. 6d. to 14s. 9d. last week.

FRUIT.—Business at Covent Garden has not been quite so brisk, says *The Fruitgrower*, and prices are generally rather easier. Demand for apples remains good, but with heavier supplies of imported varieties prices are lower. Pears continue in demand at steady rates, supplies being moderate. Some varieties of hothouse grapes have risen in price, while limited quantities of English melons sell at 1s. to 2s. 6d. each. Peaches are inclined dearer. The shorter supplies of cobnuts are worth more,

but English walnuts are now arriving in growing quantities. Brazils are scarce, but larger arrivals of Italian chestnuts are to hand. Blackberries are finishing. With heavier imports from South Africa, oranges have eased in price, while lemons have fallen for a similar reason. Grapefruit, on the other hand, has improved in price in consequence of lighter arrivals.

MEAT.—At Smithfield Market, on Wednesday last, Argentine chilled hindquarters were quoted at 4s. to 4s. 4d. per 8 lbs., as compared with 4s. to 4s. 6d. a week ago. New Zealand frozen mutton was 3s. 4d. to 4s. 2d. per 8 lbs., as against 3s. 4d. to 4s. 2d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 9,635 tons, a decrease of 149 tons on the corresponding week last year. Beef and veal accounted for 4,846 tons, mutton and lamb 2,858, and pork and bacon, 996, as compared with 4,939, 2,604 and 1,263 tons, respectively, in the same week of 1936.

PEPPER.—On Wednesday, white Muntok, "October-December," was quoted at 3½d. per lb. sellers, c.i.f. Rotterdam-Hamburg, against 4½d. per lb. a week earlier. Black Lampung, spot, in bond, was quoted at 2½d. per lb. sellers, compared with 2½d. per lb. last week. Movements of pepper in London last week were as follows: Black, landed, 1 ton; delivered, 7 tons; stocks, 1,973, against 1,780 last year. White, landed, 59 tons; delivered, 32 tons; stocks, 11,312 tons, compared with 11,957 a year ago.

RICE.—The spot price of Burma No. 2 cleaned was 11s. 3d. per cwt. ex warehouse, on Wednesday, as compared with 11s. 3d. per cwt. a week ago. "October-November," in singles to Continent and U.K., was quoted at 10s. 3d. per cwt., against 10s. 6d. last week. Movements in London last week were as follows: Landed, 32 tons; delivered, 167 tons; stocks, 1,651 tons, against 2,562 a year ago.

SUGAR.—After remaining steady for some days, the London market in raw sugar turned easy at the close of the period under review. New York prices were unaltered. The New York spot quotation was 3-15 cents on Wednesday, as compared with 3-15 cents per lb. last week and 3-42 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "December" delivery at 6s. 4½d. to 6s. 5½d., against 6s. 5½d. to 6s. 5½d. a week ago. Movements of raw sugar in public warehouses in London and Liverpool last week were as follows: Imports, 50,928 tons, against 11,902 in the previous week and 8,720 in the same week of 1936; deliveries, 14,992 tons, against 15,009 and 19,170 tons, respectively; stocks, 160,278 tons, against 124,342 and 106,420 tons, respectively.

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

Week ended	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
Oct. 15, 1936	d. 13-18	d. 12-00	d. 13-87	d. 11-06	d. 10-11	d. 11-30	d. 13-12
Sept. 23, 1937	17-01	15-26	16-66	14-54	13-16	14-51	16-60
Oct. 30, "	16-85	15-49	16-95	15-16	13-40	14-70	16-62
Oct. 7, "	16-33	15-59	16-85	14-71	13-19	14-22	16-36
" 14, "	16-27	15-37	17-02	15-52	13-20	14-85	16-31

At this week's public auctions in Mincing Lane, 54,861 packages of Indian and 15,394 packages of Ceylon tea came up for disposal. Demand for Indian grades was active, but the market showed some irregularity and prices were slightly easier. At Tuesday's Ceylon auctions, common and low medium teas were firm, but mediums were often easier. Fine teas sold well.

VEGETABLES.—At Covent Garden this week, tomatoes have been in shorter supply, according to *The Fruitgrower*, and prices have consequently improved. Cucumbers, too, are scarcer and dearer. Housegrown beans have improved and mushrooms are in shorter supply. The excellent quality sprouts now on the market sell well, and cauliflowers are a steady trade. Cabbage remains plentiful and cheap. Celery is now receiving more attention. Meanwhile, the potato trade at the various London markets has shown no new features and prices are unaltered. Thus at the Borough on Tuesday, best light-soil King Edward again made from 6s. to 7s. per cwt. ex market.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—Quiet, but fairly steady conditions rule in most sections of the market. Linseed maintains its comparative firmness with only small fluctuations owing to the restricted supplies available for shipment between now and the harvesting of the new crop in Argentina. Last week Argentina shipped 20,000 tons (including 13,000 tons destined for the United States) and has thus reduced the balance of the exportable surplus of the old seed. Together with that of Uruguay, Argentina's supply is not more than 125,000 tons, to which may be added a probable 75,000 tons from India before the end of the year. The total quantity of seed available is, therefore, approximately half of the quantity actually shipped in the remainder of 1936. The newly-sown seed in Argentina appears to be progressing favourably, weather conditions of alternating rains and fine days being ideal for promoting growth. This and some easing in freight rates, coupled with a restricted demand, are having a steadying influence. The latest official estimate of the yield in the United States is 191,075 tons, against 190,000 tons in the previous report. In view of the improved demand for linseed oil in America, the necessity for further imports from outside sources is apparent. Cottonseed has continued to decline, and business in black Egyptian afloat for Hull is reported at £5 17s. 6d. The forward positions, however, are comparatively steady, and for January loading £6 8s. is asked.

Trade in vegetable oils is of only moderate dimensions. In sympathy with seed, linseed oil is steady, and prices show little change from last week. Cotton oil is in better demand, and both crude and refined oils have been advanced 10s. per ton ex Hull.

RUBBER.—The general weakness of the Stock Exchanges has had repercussions in Mincing Lane, where rubber has suffered a further fall this week. The liquidation of speculative commitments in New York has also tended to depress the London market. Some recovery was, however, recorded on Wednesday following the improvement in the political outlook. The spot price in New York on Wednesday was 15½ cents per lb., compared with 16½ cents per lb. a week ago and 18½ cents a month ago. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 7½d. per lb., as against 7½d. on the corresponding day last week. In forward positions business has been done at 7½d. to 7½d. for "November" shipments, as against 7½d. to 8d. a week ago. Stocks in London and Liverpool at the end of last week totalled 50,299 tons, against 50,539 tons a week earlier. A year ago stocks amounted to 99,208 tons.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM: LONDON, October 20th

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

CEREALS AND MEAT

GRAIN, Etc.	s.	d.	a. d.
Wheat—			
No. 2, N. Man. 496 lb.	55	9	
Eng. Gaz. av., per cwt.	9	5	
Barley, Eng. Gaz. av.	12	9	
Oats—			
Malze, La Plata, landed	8	8	
480 lb.	29	9	
Flour, Lon. stan. ex mill,	38	9	
280 lb.	38	9	
Rice No. 2 Burma, per cwt.	10	3	

MEAT—

Beef, per 8 lbs.—			
English long sides	4	0	4 10
Argentine chilled hinds	4	0	4 4
Mutton, per 8 lbs.—			
English wethers	5	0	6 0
N.Z. frozen	3	4	4 2
Lamb, per 8 lbs.—			
N.Z. frozen	4	10	5 4
Pork, English, per 8 lbs.	6	8	7 4

OTHER FOODS

BACON—			
English, per cwt.	96	0	
Irish	89	0	99 0
Danish	95	0	
Dutch	91	0	

HAMS—			
Canadian	108	0	110 0
United States	106	0	108 0

BUTTER—			
Australian	137	0	
New Zealand	137	0	
Danish	146	0	

CHEESE—			
Canadian, per cwt.	71	0	72 0
New Zealand	88	0	89 0
English Cheddars	90	0	92 0
Dutch	65	0	73 0

COCOA—			
(Duty, British grown,			
11/8; foreign, 14/- cwt.)			
Accra, f.i., per cwt.	27	6	
Trinidad	62	0	67 0
Grenada	55	0	58 0

COFFEE—			
(Duty, British grown,			
4/8; foreign, 14/- cwt.)			
Santos sup. c. & f. cwt.	48	6	
Colombian, good	55	0	65 0
Costa Rica, med. to good	60	0	90 0
East Indian " " "	72	0	90 0
Kenya, medium	58	0	70 0

EGGS—			
English, per 120	19	0	20 0
Danish	14	6	14 9

FRUIT—Oranges—			
S. African boxes	9	0	22 6
Brazilian boxes	9	6	11 6
Lemons, Malaga, cases	10	0	15 0
Sicilian boxes	13	0	15 0
Apples: Amer. (var.) bbls.	12	0	23 0
" Australian boxes	7	6	11 9
Onions—			
Valencia, case, 200 lb.			
Egyptian, bags			
Grapes, Almeria, barrels			
Grapefruit, Brazilian			
" S. African	11	0	24 0

LARD—			
Irish, finest bladders	70	0	75 0
U.S., per cwt.	65	0	66 0

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

POTATOES—

King Edward (per cwt.)	6	0	7 0
Other English	4	0	5 0

SPICES—

Pepper, per lb.—			
Black Lampung	0	2	1/2
White Muntok	0	5	
Cinnamon—1st sort, per lb.	0	9	1/2
Cloves—Zanzibar, per lb.	0	9	
Ginger—per cwt.—			
African	57	0	
Jamaica, ord. to good	63	0	90 0
Mace	2	9	2 9
Nutmegs, 65's	1	1	

SUGAR—

(Duty, 11/8 per cwt.)			
Centrifugals, 96%, prpt.			
shipm., c.i.f. U.K./Cont.	6	6	
B.W.I., crystallised	18	0	19 9
Java, white, c. & f. India			Nominal.
Oct.-Dec.			

REFINED—London—

Yellow Crystals	19	10	
Cubes	24	1	24 7 1/2
Crushed	22	4	
Granulated	20	3	21 1 1/2
Home Grown	20	1	20 4 1/2

TEA—

Indian—per lb.—			
Pekoe	1	2	1 4 1/2
Broken Pekoe	1	2	1 7 1/2
Orange Pekoe	1	2	2 3 1/2
Broken Orange Pekoe	1	2	2 9 1/2
Ceylon—per lb.—			
Pekoe	1	2	2 1
Broken Pekoe	1	2	1 6
Orange Pekoe	1	2	2 0
Broken Orange	1	3	3 0

TOBACCO—

(Duty, 9/8-10/6 per lb.)			
Empire growth, 7/5-			
8/3 per lb.)			
Virginia leaf—			
Common to fine	0	8	2 6
Rhodesian leaf	0	9	1 10
Nyasaland leaf	0	9	1 6
strips	0	7	1 10
East Indian leaf	0	6	1 9
strips	0	6	1 9

TEXTILES

COTTON—			
Mid-American, per lb.	4	89	
Sakelands, f.g.f.	32	0	
Yarns, 32's twist	11	1	
" 60's twist	17	1	
FLAX—			
Livonian ZK, per ton	72	0	
Pernau HD	72	0	
Silanzet Medium, 1st sort	83	0	

HEMP—			
Italian P.C., per ton	68	0	
Manilla, Oct.-Dec. "J2"	32	0	
Sisal, African	23	0	26 0

JUTE—			
Native 1st mks, per ton			
c.i.f. H.A.R.B.	20	18 9	
Dalsee 2/3 c.i.f. Dundee			
Oct.-Nov.	20	0	0

SILK—			
Canton, per lb.			nom.
Tussah			nom.
Japan	6	9	7 9
Italian—raw, fr. Milan			nom.

WOOL—

English Southdown, greasy, per lb.	17	1/2	
Lincoln hog, washed	17		
Queensland, scd. super combg.	29		
N.S.W. greasy, super combg.	17		
N.Z., grey, half-bred 50-56	17		
Crossbred 40-44	15		

Tops—

Merino 70's average	34		
" 64's "	31		
Crossbred 48's "	22		
" 48's "	21		

MINERALS

COAL—			
Welsh, best Ad'ty., ton	19	6	22 6
Durham, best gas, t.o.b.			
Tyne	22	6	
Sheffield, best house, at			
pits	22	0	24 0

IRON AND STEEL—

Pig, Cleveland No. 3, d/d.			
ton	101	0	
Bars, M'brough	285	0	
Steel rails, heavy	202	6	
Tin plates, per box	25	0	25 6

METALS—

Copper, Electrolytic, ton	48	0	50
Sheets (Strong)	44	0	50
Standard	43	7	50
Lead, Eng. pig, per ton	19	5	0
Soft foreign	17	13	0
Spelter G.O.B.	16	10	0
Tin—English ingots	21	15	0
Standard cash	21	10	0

MISCELLANEOUS

CHEMICALS—			
Acid, citric, per lb., less 5%	1	0	1 0 1/2
Nitric	0	2	0 3
Oxalic, net	0	5	0 6
Tartaric English, less 5%	1	1	1 1 1/2
Alcohol, Plain Ethyl.	12	0	
Alum, lump, per ton	8	10	8 15
Ammonia, carb.	10	0	21 0
Sulphate	7	6	7 8
Arsenic, lump, per ton	85	0	
Bleaching powder, per ton	8	15	9 0

Borax, gran., per cwt.	18	6	
Do., powder	15	0	
Nitrate of soda, per cwt.	8	0	
Potash—Chlorate, net	0	4	0 4 1/2
Sulphate	10	0	11 0
Soda Bicarb., per cwt.	10	0	11 0
Crystals	5	0	5 8
Sulphate of Copper, per ton	20	0	21 0

CEMENT, best Eng. Portland, d/d, site,			
London area, jute sacks, 11 to ton			
(charged and credited at 1/8d. each) or			
able—			
4-ton loads and upwards 39/- per ton			
1 and up to 4-ton loads 41/- per ton			

COPRA—

S.D. Straits c.i.f., per ton	15	5	0
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DRUGS—

Camphor			
Japan, refined, per lb.	2	4	
Ipecacuanha, per lb.	8	0	8 3

HIDES—

Wet salted—Australian			
per lb.	0	6	0 7
West Indian	0	6	0 8 1/2

Cape—

Dry and Drysalted Cape	0	6	0 6 1/2
Market Hides, Manch'tr—			
Best heavy ox and heifer	0	6	0 7 1/2
Best cow	0	6	0 6 1/2
Best calf	0	6	0 9

INDIGO—

Bengal, gd. red. vio. to			
fine	5	6	6 0

LEATHER—

Sole Bends 8/14 lb.—			
per lb.	1	4	2 6
Bark Tanned Sole	2	6	3 8
Shoulders fm DS Hides	0	8	0 10
Do. Eng. or WS do.	0	10	1 10
Bellies from DS do.	0	5	0 6 1/2
Do. Eng. or WS do.	0	6	0 9
Dressing Hides	1	8	2 0
Ro. Eng. Calif, 20/30 lb.	5	0	6 0
Aust. Bends Avg. 7/10 lb.	1	3	1 7

VEGETABLE OILS—

Linseed, naked, p. ton net	29	7	6
Rape, refined	28	0	0
Cotton-seed, crude	22	0	0
Coconut, crude	21	17	8
Palm	19	10	0
Oil Cakes, Linseed, Eng.			
per ton	9	15	0
Oil Seeds—Linseed—			
La Plata, p. ton, Oct.	13	15	0
Calcutta—per ton	15	15	0
Turpentine, per cwt.	83	3	

PETROLEUM PRODUCTS—

Motor Spirit, No. 1,			
London	1	6	
Petroleum, Amer. rid.			
bu. London, per gall.	0	10	1/2
Fuel oil, in bulk, for			
contracts, ex instal.			
Thames—			
Furnace, per gall.	0	3	1/2
Diesel, per gall.	0	4	1/2

ROSIN—

American, per ton	18	15	0
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RUBBER—

St. ribbed smoked sheet			
per lb.	0	7	1
Fine hard Para per lb.	0	8	1/2

SHELLAC—

TN Orange, per cwt.	45	0	48 0
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SHELLS—

W. Aust. M.-o.-P.	3	10	12 10
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TALLOW—

London town, per cwt.	22	0	
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TIMBER—

Swedish u/s 3 x 8, per std.	24	0	0
" 2 x 7 "	23	10	0
" 2 x 4 "	21	0	0
Can'da Spruce, Dis.	24	10	0
Pitchpine, per std.	11	0	0
Rio Deale, per std.	35	0	0
Teak, per std.	27	0	0
Honduras Mahg. logs, c. ft.	0	12	0
African	0	6	0
Amer. Oak Boards	0	6	0
" Ash	0	6	0
English Oak Planks	0	6	0
" Ash	0	7	0

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to be a Bill to amend the penal law, with special reference to the treatment of juveniles and recidivists. There is also to be a Bill to enable free meals to be supplied to boys and girls attending junior instruction centres, and another to close the gap which has long been seen to exist between the school medical services, which for most children cease at the age of fourteen, and the beginning of National Health Insurance. The entry age for pensions for the blind is to be reduced and provision is to be made for the collection of vital statistics bearing on the population problem. The chief surprise in this section was the announcement of a Bill "to amend the financial provision for slum clearance and the abatement of overcrowding," though it remains to be seen in what direction the existing provisions are to be amended.

Finally, there is a group of legal reforms. Additional judges are to be provided for the Probate, Admiralty and Divorce Division of the High Court and Bills are to be proposed to implement certain of the recommendations of the Royal Commission on the Dispatch of Business at Common Law and the conclusions of the Law Revision Committee.

This is a long list, but its most remarkable feature is the almost complete absence of Bills which, as between the Government and the Opposition, are contentious in principle. Gone are the pre-war days when almost every sentence of a King's Speech foreshadowed impassioned debates, in which gallant political heroes would die every evening in the last ditch only to fight again with renewed fury on the morrow. It will, of course, be open to the Opposition parties, as each Bill appears, to condemn it for its pusillanimity and to declare how much further they themselves would have been ready to go. And many of the Government's Bills will doubtless fully

deserve this attack. But the main objection on principle to many of the projected measures seems likely to come from the Government's own back benches, where sit the representatives of individual industries affected. In general, the task of the official Opposition will be not to hinder the Government but to spur it on.

This surface agreement must not, however, be taken to mean that, except for the conflict of philosophies in the realm of foreign affairs, the old lines of demarcation between the parties are disappearing. The only objection of the Opposition to the Government's immediate programme is to the slowness with which agreed reforms are being put in hand. But there is a profound cleavage of opinion on ultimate objectives. The present absence of acute domestic controversies shows not that the parties are growing identical, but merely that they are growing more moderate in their differences. And this in turn is largely a product of the circumstances of the present time. It has been remarked that neither unemployment nor the distressed areas found any mention in the King's Speech. But both will eventually return to the forefront of politics and will bring with them an intensification of party differences. Adversity makes strange bedfellows; but it also sharpens latent conflicts.

Thus the superficial agreement does not reflect the absence of fundamental differences so much as a tacit consent to postpone them until necessity brings them forward. While other nations seem to be bent on the exacerbation of conflicts among their people which are fundamentally unreal, we are obscuring even those conflicts which do exist. This typically British policy of ignoring trouble solves nothing. But it does store up a plentiful supply of toleration, a human commodity which may be more precious than rubies in the years to come.

Still Non-Intervening

THE proceedings of the Non-Intervention Committee are like those of a top when it is running down. At each turn, now, it gives a lurch which threatens to bring it to a miserable standstill, heeled over on the ground. Yet each time, as we take up our pen to register its fall, it revives and gives us time to record that it is still spinning—before it almost brushes the ground again. On Tuesday of last week the Committee appeared to be in *articulo mortis*; on Wednesday it made a melodramatic recovery which was given pride of place in the last issue of *The Economist*. Before that issue had reached the reader's hands, the Committee had fallen into adversity again; and now, this Tuesday, it has achieved another rally. All that we can do at the moment is to chronicle this last rally and the preceding relapse, without presuming to prophesy how long the process is likely to go on, or even what is likely to be the state of the spinning top by the time the present issue of *The Economist* appears.

The setback on Friday of last week, October 22nd, had been prognosticated by the scepticism of the Italian Press, in sharp and derisory contrast to the optimism with which the turn for the better on the preceding Wednesday had been greeted in London. On Friday, three new rocks—each one of them sharp and hard enough to hole MR EDEN'S cockleboat—suddenly emerged in the Committee's fairway. (Rocks can emerge from the sea when they are stage rocks poking up through stage waters.) The first rock was conjured up by COUNT GRANDI'S *volte face* on the question of ascertaining the numbers of the foreign troops engaged in Spain on either side. After having himself proposed on the Wednesday that an impartial and authoritative

international fact-finding commission should be sent to Spain to arrive at the true figures, COUNT GRANDI announced on the Friday that Italy would not commit herself in advance to accepting any figures that the commission might report. At the same moment, it was stated in the Italian Press that the Italian expeditionary force in Spain amounted to 40,000 men; that Italy "peremptorily" demanded the acceptance of this figure; and that any questioning of it would be treated in Italy as a sign of bad faith and ill-will. As soon as this Italian rock had been elevated above the surface by COUNT GRANDI, M. MAISKY made haste to demonstrate that Russian hands were capable of raising up quite as big and as formidable an erection. He announced that Russia held to her previous decision not to consider the grant of belligerent rights until not merely a substantial part but the sum total of the foreign troops in Spain had been evacuated. Thereupon the Italians, with the Germans and Portuguese at their heels, rushed in to put it on record that their own last-minute acceptance of the July British plan would be voided if the whole of the plan were not accepted likewise by all States represented on the Committee.

Thus, over the week-end, the Non-Intervention Committee appeared to be heading straight for the Symplegades; yet this week the Committee, like the Argo, has just managed to slip through between the Clashing Rocks.

When the Committee re-assembled this last Tuesday, COUNT GRANDI announced that he had not really meant it when he had said, last time, that Italy would not agree to be bound in advance by the international committee's findings about numbers. All parties except

Russia agreed to a draft resolution providing for the withdrawal of foreign troops from Spain, for the recognition of belligerency when "substantial" numbers had been evacuated, and for a tightening up of the control of Spanish coasts and land frontiers. Most significant of all, M. MAISKY lowered his rock by some inches. He announced that he had referred the Committee's resolution to his Government and that Moscow, too, was prepared to accept it with the reservation that they "might perhaps" consent to consider the question of granting belligerent rights if and when they were convinced that the bulk of the foreign combatants had been withdrawn and that fresh foreign reinforcements for the insurgents had ceased to arrive.

That is as far as we can carry the chronicle this week, since the Committee will not have met again before this issue of *The Economist* has gone to press.

What are the Committee's prospects? We may perhaps see a sign of a genuine desire to keep the Committee going in the abandonment, by common consent, of the proposal for an immediate "token" withdrawal from both sides. This "token" withdrawal would not have contributed appreciably to a solution of the Spanish problem, while the question of the figures—both relative and absolute—threatened to provoke an irreconcilable difference of opinion. On the other hand, MR EDEN warningly drew the Committee's attention to three still outstanding difficulties. The first had regard to the time at which belligerent rights were to be granted in consideration of the withdrawal of troops. The second difficulty lay in agreeing upon the proposed international commission's terms of reference and status. And, thirdly, there may be difficulties over the restoration of control, since the French Government declare that they will not restore land control until the commissions have reported and a date has been fixed for the withdrawal of volunteers. Even then, the French Government appear to

make land control dependent upon a strengthening of the control of sea-borne traffic.

Each of these difficulties might be capable of shooting up with the rapidity of a beanstalk or a red-hot poker. Indeed, it is a safe prophecy that difficulties will be raised and "concessions" gracefully offered in strict alternation. It is difficult to take the proceedings of the Non-Intervention Committee very seriously. The French plan of a fortnight ago contained as one of its five points the proposal of a solemn promise by all the Powers to send no more "volunteers" while those already in Spain were being withdrawn. Nothing more has been heard of this. SIGNOR MUSSOLINI's diplomatic record during the last few years does not encourage anybody to feel sure that the steady replacement of evacuated volunteers is not his game.

In any case, there is no evidence that he has abandoned the conquest of Spain. If he is now sincerely prepared to consider withdrawal, without replacement, in the near future, it may be only because he believes he can win the war before the withdrawal takes place. There is a certain resemblance between his present concessions and the offer of negotiations with Abyssinia which was made on April 15, 1936, just a week after the victory at Lake Ashangi made it clear that the EMPEROR would be driven from Abyssinia before negotiations could start. Does the DUCE calculate on being in Madrid, Barcelona and Valencia by Christmas? That is possibly his calculation; but it hardly looks like a correct one. Government Spain is not another Abyssinia. Its lines of communications have been shortened, its new army is being trained, its munitions factories are at work, and it is, at the very least, not entirely deprived of modern weapons of warfare. We cannot be sure exactly what game the DUCE is playing. But it is certainly a dangerous one and no less surely one which bodes the Western democracies no good.

Recovery in South Wales

IT is only ten months since we wrote that South Wales had been unaffected by prosperity (see *The Economist*, December 19, 1936, page 574). To-day, the revival of South Wales, as a whole, is unmistakable; reduced unemployment, industrial reorganisation and renewed activity in the export trades, all tell the same story. But, even yet, prosperity has not penetrated far into the long valleys of the Special Area, behind the coastal towns. There the basic problems of distress still persist.

The general improvement can readily be illustrated by the course of the unemployment figures. In the whole of the Welsh Region, unemployment fell from 179,847 to 131,577 between September 12, 1936, and September 13, 1937. In coal-mining alone there was a decline of 14.6 per cent. in the number of workless against 8.2 per cent. in all British coal-mining. The total registered unemployed in the Special Area dropped from 141,771 to 98,580. The reduction is large, both absolutely and relatively; but it still leaves the percentage of insured unemployment in the area at something like 24½ against 34 a year earlier. And by no means can all the reduction be ascribed to improved industrial conditions inside the area. As many as 20,000 men, women and children have left the district, by transfer or migration, in the last twelve months. In the derelict towns and villages the same combination of better trade and fewer hands (and mouths) has reduced unemployment.

Primarily, of course, this partial mitigation of a well-nigh intolerable position is due to revival in the basic

industries of South Wales. In coal, for example, an output of 48.1 million tons in 1929 had fallen to 34.4 million tons in 1933 and 33.9 million tons in 1936, but by the end of this year will have recovered to not far short of 37 million tons. Shipments of coal to foreign countries have consistently improved in the course of 1937. Excluding bunkers, coal exports declined from 24.7 million tons in 1929 to 13.2 million tons in 1936; by the end of December exports for this year will probably have exceeded 16 million tons. Up to September 12th, coal shipments totalled 14,675,592 tons compared with 11,805,679 tons in the corresponding period of last year. By no stretch of imagination can the South Wales coal industry be called prosperous. The gap between 1929 and 1937 remains wide, and the shadow of sanctions and of the Spanish Civil War still rests upon the Special Area, though buying from France and Italy has lately improved.

In the iron and steel industry there has been a timely and much less limited improvement. At the end of September there were 15 more mills in operation in the tinplate and sheet industries than at the end of August, and 62 more than at the end of September, 1936. All branches of the iron and steel trades, indeed, have been active in recent months. Government defence contracts have undoubtedly been more influential in promoting recovery on Tyneside and Clydeside than in South Wales, but armament manufacture has, nevertheless, been an important element, directly and indirectly, in the continued expansion of iron and steel output.

Unfortunately for the Special Area, however, most of this revival has been in the coastal towns outside it. True, rapid headway has been made with the colossal scheme of Richard Thomas and Company, to construct a steelworks, continuous strip mill, sheet mill and finishing plant at Ebbw Vale, designed to cost £7½ millions and to produce one-fifth of the entire national capacity. Apart from this project, however, new plants and works extensions in the South Wales iron and steel industries have been concentrated at Cardiff and at other centres outside the Area.

The Special Area, in short, remains "special." Its problems have been alleviated, but not resolved. In the whole of Wales, some 19.6 per cent. of insured workers are still out of work (compared with 10 per cent. in the United Kingdom as a whole); and the "black spots," listed by LORD PORTAL three years ago—Blaina, Brynmawr, Rhymney, Merthyr and Senghennyd—are still twice as badly off as the rest of South Wales. Last March, in the Special Area, over 50 per cent. of the men wholly unemployed for a protracted period were over 45 years of age; and over 72 per cent. were more than 35. In 1934, LORD PORTAL made a conservative estimate putting surplus labour in the Special Area at 39,000 men and 5,000 boys. At the beginning of this year PROFESSOR MARQUAND estimated surplus labour in the whole industrial region of South Wales at 80,000—before the Government Defence Programme was announced. Clearly, much of this labour is still "surplus," and its absorption postulates something more than general recovery, re-armament and good wishes. There is clearly need both for the further rehabilitation of the basic industries of the region by reorganisation and freer international trade—and for the considerable development of new industries *pari passu* with labour transference. Recovery has not abated this need, but thrown it into sharper relief.

A start has, indeed, been made with a policy to attract new industries to South Wales. Under the Special Areas Act of 1934, a trading estate was established at Treforest between Cardiff and Pontypridd. The Special Areas (Amendment) Act of 1937 has extended the powers of the Commissioner to assist profit-making enterprises by grants in aid of rent, rates or income tax, and to set up site companies outside the Special Areas proper. The results of this policy, and of the cognate activities of the Special Areas Reconstruction Association and the Nuffield Trust, have so far been promising but inconspicuous. On October 21st the MINISTER OF LABOUR stated in the House of Commons that seventeen tenants had so far been found for the Treforest Estate, three of whom were in occupation; six new industries had been established in other parts of South Wales under the Special Areas Act; three others had been set up independently; and in all employment would be afforded for 3,000 men. The old ironworks site at Dowlais has been cleared for new industries and a telephone accessories factory to employ 150 people is being erected. A site at Cyfartha, also near Merthyr Tydfil, has been surveyed for a sewing-machine factory; and a biscuit factory is planned at Llantarnam in Monmouthshire. The building of the Bridgend armament factory has not yet begun. The munitions factory of Imperial Chemical Industries commissioned by the Government at Landore will employ largely Swansea labour. The employment afforded by the building of the Air Force depot at St. Athans is only temporary. And the oil-from-coal plant, projected by the Government in co-operation with the Nuffield Trust, will be of relatively small size. Finally, it was announced last week by the MINISTER OF TRANSPORT that work was in hand or was projected on the trunk roads of South Wales to the value of £362,000 in all. We do not

cite these examples of enterprise and expansion in order to belittle their importance; but they certainly suggest that neither new industries nor labour migration have filled the gap left by the decline in Britain's exports and the scaling down of basic trades. And industry, left to itself, is showing no keen desire to go to South Wales. In 1936, out of 551 new factories, some 261 were in Greater London, but only four were in Wales and only three, employing a few hundreds of men—a steel sheet mill at Llanelli, a munitions factory at Neath, and a brickworks at Newport—were even near the Special Area.

If, therefore, the Special Area of South Wales is to be saved from chronic distress a bolder policy is needed. The needs of the Special Areas can be simply defined: the maintenance of the greatest possible volume of staple exports by a liberal trade policy, in order to reduce the difficulties of adjustment and "liquidation" to a minimum; the reorganisation, on the widest possible scale, of the older industries, in order to raise their efficiency and competitive power to the highest possible level; the establishment of new industries to balance the economy of the areas; and, finally, the mitigation of distress. In all these ways, there is much yet to be done in South Wales. For example, that region would probably have much to gain from the conclusion of trade agreements with France and Italy on the lines of the Anglo-Scandinavian arrangement. Much has been done to reorganise the iron and steel industry, but has the operation of protection in a time of boom created an eventual legacy of surplus capacity in the event of even a moderate recession in trade? And less has been done to reorganise the coal industry than the steel industry.

There remains the need for new industries, and it is not in the Commissioner's power, at present, to satisfy it. The Government has still to decide how far inducements to new industries to settle in South Wales may be carried without impairing too much the free choice of manufacturers. And in South Wales there are specific disadvantages to be overcome. South Wales labour has been reputed to be intractable and unadaptable. There is convincing evidence to the contrary, but old fallacies die hard. With more justification, the Special Area is regarded as being isolated from centres of population by deficient communications. Even more cogently, the rate burden of South Wales is held to be a deterrent, ranging, as it does, between 19s. and 29s. in the £1 in most districts. The public assistance rate is in every case a large part of the total rate; and, although factories pay only 25 per cent. of the rate, derating applies all over the country and the relative disadvantage remains.

In this age of planning South Wales needs, above all, a plan. It may include in its measures the stimulation of new industries by means which at other times and in other places would have been called unorthodox. It may include the extension of trading estates and the trading estate method, and the allocation of greater sums of money for the assistance of new enterprises. Scientific principles of industrial localisation can be applied to the facts of the Area, as PROFESSOR MARQUAND* has shown; and a detailed scheme can be evolved. South Wales can make out a strong case for the construction of a Severn Bridge. Almost certainly, there should be some equalisation of the public assistance rate over the whole country. The task of rehabilitation and reconstruction is urgent. For if there is distress in South Wales when Britain is prosperous, what will be the harvest of any future trade recession?

* "Second Industrial Survey." 3 Vols. University Press Board. Cardiff.

Alas, Poor Printer

IF an ordinary man, in the light of ordinary common sense, had to decide an action in which one plaintiff sued three separate defendants for some injury done to him, how would he apportion the damages? He would, one may presume, say to himself that here were three people, each a party to a wrong, and that his obvious duty was first to estimate their several degrees of responsibility and then to assess the several damages accordingly. That, we may venture to hope, would be deemed by the majority of our readers a not too abstruse experiment in the practical science of straightforward reasoning.

It is, however, an experiment that English lawyers and legislators are not prepared to make, because it involves too great a breach with legal tradition. The traditional law of England is that the three defendants—playfully known as joint tortfeasors—are all equally liable for the wrong done, and that the successful plaintiff may choose any one of the three that he likes and collect the whole amount from him. He may, if it pleases his fancy, play the old English game of "Ena, Mena, Mina, Mo, out goes he," and come on the "he" for every penny that the jury have awarded against the three defendants together. To the layman the law seems to lack a certain quality of equity, and two years ago the lawyers, half-bowing to the layman's point of view, introduced a Bill now known as the Law Reform (Married Women and Tortfeasors) Act. This measure still left to the plaintiff his old right to collect the whole damages from any one of the three, but gave to the selected victim a right—which he had never had before—to bring an action against the other two and to collect from them whatever contribution the judge, in this second trial, might think fair. That is how the law stands to-day.

The effect of this curious law was brought out a fortnight ago in the libel action which LORD CAMROSE and the *Daily Telegraph* brought against the Fascist paper *Action*, against MR BECKETT, a former editor, and against the Argus Press, the printers. For the libel itself there was nothing to be said. It was a vicious and inaccurate attack for which there was no shadow of justification, and although the £20,000 which the jury awarded as damages may seem generous to a high degree, there is no doubt that, in this case, damages of some kind were called for.

Why did the jury give such heavy damages? They gave them mainly because the newspaper, instead of apologising when it found that it had made a grave mistake, attempted to justify its charge and turned an action which should have consisted of a few apologetic speeches into a preposterous mud fight. We can see the jury's minds, as day after day the case went on, veering towards heavier damages in proportion as their natural irritation increased. But one of the three defendants took no part in the affray. The Argus Press, being decent and reasonable people, acknowledged the error they had made in printing the article, did not attempt to justify, and sat quietly in Court while their co-joint tortfeasor piled up the inevitable damages to the amazing figure of £20,000 for calling a man an international Jew.

Now let us consider the result. From the evidence at the trial it appeared that Action Press, the owners of the paper, would be unable to pay the damages and the plaintiffs will be acting on normal business principles if they choose to exercise their legal right and to demand the whole amount from the Argus Press. The

latter, it is true, had no hand in drafting the article, or preparing the material, or choosing the language. They merely set up in type and ran off on their machines the copy with which they had been supplied. They had no part in the aggressive defence which ran the damages up. They had not tried to justify. If they had been left to themselves they could probably have settled the matter out of Court for a small figure and an apology; but they were chained by the leg to their joint tortfeasor and are liable for the whole £20,000, retaining only the valuable right of throwing more money into a second action against the paper and the editor. That is how the matter stands, from their point of view.

It is difficult to see how this legal anomaly can be defended. That a printer should exercise reasonable care in what he prints is undeniable, but printing is a mechanical process, carried out often under great pressure of time. One cannot properly ask either the master printer to read with an expert eye every word that he is given to print, or the compositor and proof-reader to rectify the mistakes and inaccuracies of the reporter and the leader-writer. If on some page of this number of *The Economist* there should appear (which God forbid!) some inaccurate and defamatory statistic, is it fair or reasonable that the printer, or for that matter the news-agent, should be held one hundred per cent. liable for the consequences of our mistake? The law, nevertheless, would cheerfully class them as joint tortfeasors.

It may be thought that this law, strange as it is, and unfortunate as it may be for the printer, is not a matter of public interest. That would be a mistaken view. It is a matter of public interest because the printer, with this terrifying liability hanging over him, will tend to become not merely careful but morbidly careful about what he prints. He cannot, obviously, check for libel all the copy that he receives from the newspaper or the book publisher. His only course is to take a general line and say to himself that, if a paper is of a controversial or militant cast, he will refuse to handle it, and the ultimate result of this state of mind would be that only safe, popular, colourless views would get into print at all. Some years ago, when MR LLOYD GEORGE was launching one of his campaigns, he started a monthly paper to support it. The journal was a harmless enough production, which never came within many miles of a libel action. But because it represented MR LLOYD GEORGE, and because MR LLOYD GEORGE was believed to hold extreme or unpopular opinions, the printers insisted on his taking out an insurance policy for their protection. His own risk he ran uninsured, but to cover the printers for their liability as joint tortfeasors he was forced to insure. This he did with considerable difficulty and at a cost, finally, of £150 premium for four months' cover—i.e. an annual rate of £450. How far the law, as it stands, has condemned other reformers, well or ill-advised, to remain mute and inglorious, there is, unfortunately, no means of knowing.

The whole principle is artificial and unhealthy, and the remedy is obvious. Instead of giving the plaintiff his present rights the law should arrange that what can now be done under the Act of 1935 in a second trial may be done in the original action. When the jury assess the damages, let the judge have the power at once to split them between the defendants to "find what is just and equitable having regard to the extent of responsibility." In other words, the law ought to let the most responsible party drink most of the medicine and leave the comparatively innocent printer with a reasonable teaspoonful.

Anglo-Indian Trade

THE negotiations for a new Anglo-Indian commercial agreement are in the doldrums. Of the trade delegation that came over to England before the Coronation, the unofficial members have been obliged by their business and private ties to return, and the official leader, Sir Mohammed Zafrullah Khan, has at last been recalled. The present deadlock arises out of India's denunciation of her Ottawa pact with the United Kingdom, following an adverse vote of the Assembly at Delhi last year. The pact, unlike those made with the Dominions, had only a three years' minimum term. Its provisions have been temporarily retained as a *modus vivendi*, by agreement between the two Governments, pending the negotiation of a new trade treaty.

The general Indian complaint is that the Ottawa pact has been less favourable than had been expected, and that it leaves the balance of advantage unduly on the side of Great Britain. This contention is scarcely borne out by the figures of total trade between the two countries since pre-Ottawa days. Between 1931-32 and 1936-37, India's exports to the United Kingdom rose from 42.9 crores to 61.1 crores of rupees, whereas her imports from this country rose only from 44.8 crores to 48.1 crores. Even with the advantage of the Ottawa preferences the increase of 7 per cent. in India's imports from the United Kingdom between 1931-32 and 1936-37 is small compared with the increases of 59 per cent. in imports from Japan and 19 per cent. in imports from Germany in the same period. Altogether there appears to be no evidence of undue favour to Great Britain, and the figures afford some support for the view, generally held

silk and rayon was postponed, because the Indian Tariff Board had the cotton textile industry under consideration, and because Anglo-Indian discussions on the manner in which greater use might be made of Indian cotton in the United Kingdom were still proceeding.

During 1932 and 1933 the Indian tariff on cottons suffered several changes, partly by reason of the decision to vary it to meet currency depreciation abroad, i.e. in Japan. At one period the duty on foreign piece-goods was 75 per cent., compared with a preferential duty of 25 per cent. After long-drawn-out negotiations with Japan, in January, 1934, the general rate was reduced to 50 per cent. Japanese piece-goods, however, were to be limited thenceforward by import quotas, scaled according to the quotas of Indian raw cotton accepted by Japan. The war in China has resulted in a serious falling-off of India's exports of raw cotton, and increased absorption of her cotton by Lancashire is among the most pressing of the demands made by her representatives. One of the most important features of the "gentlemen's agreement," signed in 1933 by Sir William Clare Lees and Mr H. P. Mody, under which the Indian cotton industry accepted the principle of British preference, was a pledge to promote the use of Indian raw cotton in Lancashire.

The tables on the opposite page show that exports of Indian cotton to this country have expanded in volume from 29,700 tons in 1931-32 to 107,300 tons in 1936-37. There is, no doubt, room for further expansion, provided Lancashire can retain her export market for the classes of goods for which Indian material is suitable. To a large extent that market is found in India itself, and in this

U.K. IMPORTS FROM INDIA (as percentages of total imports by value, in calendar years)

	1913	1928	1931	1935	1936
Raw cotton (including cotton waste).....	1.7	4.8	7.5	9.9	11.5
Jute, raw and manufactured (other than cordage, cables, rope and twine).....	95.0	88.0	83.2	98.6	...
Tea.....	56.9	56.5	49.7	56.9	55.1
Grain and flour.....	12.6	2.1	1.1	1.4	3.0
Oil seeds.....	28.3	24.3	10.1	13.0	...
Leather and manufactures thereof (other than apparel).....	24.5	35.0	22.7	37.2	48.0
Hides and skins.....	7.1	4.2	8.9	7.1	7.2
Total merchandise.....	6.3	5.4	4.3	5.4	6.1

U.K. EXPORTS TO INDIA (as percentages of total exports by value, in calendar years)

	1913	1928	1931	1935	1936
Cotton manufactures :—					
Twist and yarn.....	15.1	10.7	7.2	7.0	5.3
Piece-goods.....	35.8	27.7	14.6	19.0	14.4
All manufactures.....	30.1	22.7	12.1	15.0	11.5
Apparel (including hosiery and boots and shoes).....	5.3	3.2	2.2	2.6	2.3
Machinery (including electrical and textile machinery).....	13.4	18.8	15.5	15.8	15.4
Iron and steel and manufactures thereof.....	17.2	16.1	10.6	10.7	8.6
Vehicles (including railway locomotives).....	13.3	9.5	11.1	12.5	11.9
Scientific instruments and appliances and electrical goods.....	7.5	12.6	13.9	12.2	11.5
Chemicals, drugs, dyes and colours.....	6.7	9.2	11.2	13.7	12.2
Total merchandise.....	13.4	11.6	8.3	8.9	7.7

on this side, that the action of the Indian Assembly was based more on political than on economic grounds.

The main United Kingdom undertakings in the Ottawa pact may be briefly summarised:—

The United Kingdom undertook to continue to give to Indian goods, as to those of other parts of the Empire, free entry under the general tariff, and to raise or maintain the foreign duty on a long list of goods of importance to India. These included manufactures of cotton and jute, hides and skins, vegetable oils and oilseed, rice, ground-nuts, coffee, tobacco, tea, pig lead and magnesite. Foreign linseed, another important item for India, was removed from the free list. India, for her part, undertook to give a 7½ per cent. *ad valorem* preference on certain classes of motor vehicles, and a 10 per cent. preference on building and engineering materials, chemicals and drugs, earthenware and porcelain, hardware, instruments and appliances, leather manufactures, base metals, rubber tyres and other rubber goods, cycles, beer, chocolate, confectionery, canned fish and fruit, and a number of other important British products. Exception was made for commodities subject to protective duties under the "selective" Indian tariff, and for goods entering free of duty or those on which, on grounds of national policy, a specially low rate of duty had been imposed. In the iron and steel group, the 10 per cent. preference was likewise to apply only to items not subject to protective duties. In the textile group it was to apply only to articles of apparel dutiable at the revenue rate of 25 per cent., and to woollen manufactures, with certain exceptions. A decision about the tariff on goods of cotton

respect the picture, unfortunately, is depressing. In 1913-14, India imported 3,067 million yards of piece-goods from Britain. In 1928-29, the figure had fallen to 1,443 million yards, and three years later it was only 377 million yards. The new preferences and general economic recovery together caused a slight rise, but last year the distress level of 334 million yards was recorded. The fall since the war has been due partly to the rapid encroachment of Japanese trade, but still more to the development of India's own cotton industry. Whatever may happen about Japan, there will assuredly be no going back, in future, on the protection given to India's home industry.

A similar story of growing self-sufficiency applies to India's iron and steel trade. Further preferential concessions to British products are indeed possible in both these industries. But for any large-scale revival of her aggregate exports to India this country must look mainly to the newer and less staple trades into which Indian protectionism has not yet ventured on any large scale, such as electrical machinery, motor cars, instruments and appliances, and dyes and chemicals. The figures given in the tables opposite show that India has provided of recent years a steady and even a rising proportion of the market for British manufactures of these classes of goods.

The evidence suggests, in short, that it is in the miscellaneous industries that the greatest scope exists for the improvement of the terms at present granted by

IMPORTS OF MERCHANDISE INTO INDIA

(Private merchandise imported by sea)

COMMODITIES	ORIGIN	QUANTITY					VALUE IN LAKHS OF RUPEES				
		TWELVE MONTHS ENDED MARCH 31st									
		1914	1929	1932	1936	1937	1914	1929	1932	1936	1937
COTTON MANUFACTURES : TWIST AND YARN (lbs. '000,000)	U.K.	37.84	23.09	11.91	9.77	7.66	357	356	122	97	79
	Japan	1.00	7.63	6.21	21.31	15.83	14	124	83	179	137
	China & Hong Kong (a)	11.42	13.21	13.42	4.99	4	128	92	179	38	38
	TOTAL	44.17	43.77	31.58	44.57	28.52	416	629	299	371	255
PIECE GOODS : (yds. '000,000)	U.K.	1,516	582	60	85	53	2,503	1,378	96	133	92
	Japan	7	242	185	246	208	14	602	289	300	246
	TOTAL	1,534	839	249	332	262	2,545	2,019	392	434	338
OTHER PIECE GOODS	U.K.	1,551	861	317	351	281	2,927	2,622	687	768	639
	Japan	2	115	155	249	205	4	256	256	335	313
	TOTAL	1,625	1,051	503	615	502	3,214	3,268	1,038	1,144	999
ALL COTTON MANUFACTURES	U.K.	...	...	...	...	...	5,975	4,509	988	1,079	...
	Japan	...	...	...	...	...	120	1,155	679	881	...
	TOTAL	...	...	...	...	...	6,630	6,324	1,915	2,115	1,748
RAYON PIECE GOODS : (yds. '000,000)	U.K.	...	...	...	...	...	...	...	3	2	4
	Japan	...	...	73.9	73.7	101.5	...	...	205	184	233
	TOTAL	...	...	74.5	74.5	102.3	...	...	211	188	238
APPAREL : BOOTS AND SHOES (pairs '000)	U.K.	2,441	702	153	142	120	72	27	7	6	5
	Japan	71	528	8,734	2,377	1,206	(a)	3	49	14	7
	Czechoslovakia.....	...	61	63	351	336	...	3	2	8	8
	TOTAL	2,295	3,320	9,490	2,906	1,693	79	68	65	29	21
OTHER APPAREL (excluding hosiery)	U.K.	...	...	...	...	...	72	70	24	19	19
	Japan	...	...	...	...	...	10	20	21	29	41
	TOTAL	...	...	...	...	...	171	183	82	71	80
MACHINERY AND MILLWORK : TEXTILE MACHINERY	U.K.	...	...	...	...	...	323	341	214	284	...
	TOTAL	...	...	...	...	...	328	365	248	342	275
ELECTRICAL MACHINERY	U.K.	...	...	...	...	...	45	185	150	138	179
	TOTAL	...	...	...	...	...	52	237	216	205	255
ALL MACHINERY AND MILLWORK	U.K.	...	...	...	...	...	696	1,409	773	926	926
	Germany.....	...	...	...	...	...	43	114	112	164	203
	U.S.A.	...	...	...	...	...	25	207	122	117	125
	TOTAL	...	...	...	...	...	776	1,836	1,092	1,368	1,414
IRON AND STEEL : (tons '000)	U.K.	611	649	164	215	...	1,118	1,505	340	407	...
	Belgium.....	171	333	118	90	...	185	407	153	100	...
	Germany.....	200	70	27	68	...	231	107	45	99	...
	TOTAL	...	872	228	287	218	...	1,449	354	436	339
PROTECTED NOT PROTECTED	U.K.	...	...	...	...	...	...	...	...	...	...
	Belgium.....	...	...	...	...	...	...	...	...	...	...
	Germany.....	...	...	...	...	...	...	...	...	...	...
	TOTAL	1,018	1,170	371	449	363	1,681	2,024	632	722	594
VEHICLES (excluding railway locomotives)	U.K.	...	...	...	...	...	...	430	202	368	...
	Japan	...	...	...	...	...	...	421	143	162	...
	Canada	...	...	...	...	...	...	140	23	76	...
	Germany.....	...	...	...	...	...	...	36	25	33	...
	TOTAL	...	...	...	...	...	...	1,101	448	692	657
INSTRUMENTS, APPARATUS AND APPLIANCES	U.K.	...	...	...	...	...	141	288	183	270	...
	Japan	...	...	...	...	...	1	7	8	31	...
	Germany.....	...	...	...	...	...	15	66	61	74	...
	U.S.A.	...	...	...	...	...	15	73	63	87	...
	TOTAL	...	...	...	...	...	187	492	369	518	519
DYES AND CHEMICALS	U.K.	...	...	...	...	...	81	164	166	217	...
	Germany.....	...	...	...	...	...	106	197	218	246	...
	TOTAL	...	...	...	...	...	243	531	525	646	574
HARDWARE	U.K.	...	...	...	...	...	226	189	96	104	99
	Germany.....	...	...	...	...	...	72	169	76	108	94
	TOTAL	...	...	...	...	...	395	523	261	327	289
TOTAL IMPORTS OF MERCHANDISE	U.K.	...	...	...	...	...	11,758	11,324	4,481	5,219	4,809
	Japan	...	...	...	...	...	478	1,768	1,334	2,184	2,126
	Germany.....	...	...	...	...	...	1,267	1,584	1,020	1,235	1,215
	U.S.A.	...	...	...	...	...	479	1,792	1,284	894	816
	TOTAL	...	...	...	...	...	18,325	25,331	12,637	13,437	12,522

(a) Negligible

EXPORTS OF INDIAN MERCHANDISE

(Private merchandise exported by sea)

COMMODITIES	DESTINATION	QUANTITY					VALUE IN LAKHS OF RUPEES				
		TWELVE MONTHS ENDED MARCH 31st									
		1914	1929	1932	1936	1937	1914	1929	1932	1936	1937
RAW COTTON (tons '000)	U.K.	19.2	43.1	29.7	81.4	107.3	144	443	154	451	631
	Japan	240.9	287.5	192.8	314.2	433.2	1,940	2,903	1,105	1,794	2,541
	Germany.....	84.4	57.9	29.6	47.1	37.6	600	571	148	261	220
	Belgium.....	56.6	61.9	21.6	40.2	55.6	423	618	119	221	320
	TOTAL	531.3	662.8	423.1	606.5	762.1	4,104	6,625	2,345	3,377	4,441
RAW JUTE (tons '000)	U.K.	290.4	201.8	154.4	166.1	188.7	1,174	757	311	296	348
	Germany.....	158.4	280.1	130.8	151.9	151.2	675	896	244	273	267
	France.....	72.7	110.0	51.8	75.2	85.5	307	405	99	137	158
	U.S.A.	117.7	93.8	49.1	79.5	88.2	369	344	91	136	159
	TOTAL	768.5	897.9	586.6	771.3	820.6	3,083	3,235	1,119	1,371	1,477
JUTE MANUFACTURES	U.K.	...	...	...	...	...	178	273	186	207	...
	U.S.A.	...	...	...	...	...	1,174	2,020	696	755	...
	Australia	...	...	...	...	...	298	592	244	219	...
	TOTAL	...	...	...	...	...	2,827	5,690	2,192	2,349	2,794
TEA (lbs. '000,000)	U.K.	209.1	298.9	291.2	275.6	256.4	1,085	2,235	1,693	1,775	1,717
	TOTAL	289.5	359.6	341.5	312.6	301.9	1,498	2,660	1,944	1,982	2,004
GRAIN, PULSE AND FLOUR (tons '000)	U.K.	1,169	166	107	81	...	1,209	231	75	64	...
	Ceylon	386	490	451	466	...	521	744	402	386	...
	TOTAL	4,195	2,300	2,614	1,553	1,878	4,514	3,369	2,037	1,241	1,539
SEEDS (tons '000)	U.K.	509	249	141	179	...	570	416	190	257	...
	France.....	455	300	296	168	...	807	704	452	268	...
	Netherlands.....	15	149	160	101	...	26	371	226	162	...
	TOTAL	1,583	1,328	988	673	1,156	2,568	2,963	1,459	1,033	1,847
LEATHER	U.K.	...	...	...	...	...	366	789	487	512	...
	TOTAL	...	...	...	...	...	425	944	535	563	736
HIDES AND SKINS (tons '000)	U.K.	4.28	3.33	4.11	10.08	...	47	41	51	92	...
	U.S.A.	27.65	22.56	11.87	15.01	...	358	419	180	176	...
	Germany.....	20.06	17.61	5.26	8.75	...	318	201	35	47	...
	TOTAL	81.59	66.14	33.57	48.81	51.16	1,172	956	366	413	443
TOTAL MERCHANDISE	U.K.	...	...	...	...	...	5,736	6,904	4,288	5,048	6,106
	Japan	...	...	...	...	...	2,267	3,443	1,394	2,493	2,995
	U.S.A.	...	...	...	...	...	2,178	3,911	1,386	1,612	1,842
	Germany.....	...	...	...	...	...	2,636	3,232	1,028	950	844
	TOTAL	...	...	...	...	...	24,420	33,013	15,589	16,052	19,613

India. It has been reported, however, that the Indian delegation has actually demanded wholesale curtailment—apparently by as much as three-quarters in value—of the classes of goods in which a 10 per cent. preference is guaranteed. On the British side there is no disposition, provided equivalent advantages can be secured in exchange, to cancel the arrangement whereby India shares in the freedom of Empire goods from the general 10 per cent. tariff and in the preferences on protected manufactures. One item, nevertheless, has been called in question. Between 1934 and 1936 imports of jute piece-goods from India rose from 60 million yards to 139 million yards,

and imports of made-up jute from 671 million yards to 998 million yards. Dundee is talking of a protective tariff, but India, a virtual monopolist of Dundee's raw material, will always have up her sleeve the possibility of a countervailing export duty on raw jute.

The problem is far from simple, otherwise the negotiations would doubtless have been fruitful long ago. But it may not be too late to hope that, when the discussions are resumed, they will be animated, not by a spirit of narrow nationalism on either side, but by a genuine resolve to "clear out the channels of trade" between two natural economic partners.

Notes of the Week

Shanghai Falls.—While the Western Powers endlessly debate non-intervention in Spain, Japan continues her aggressive intervention in China. From the northern provinces comes no clear news this week, but the Japanese, at least, do not claim a continuance of their rapid advance. The week's most significant development has occurred in Shanghai. On Tuesday the Japanese captured Tachang, and the Chinese deemed it necessary to evacuate Kiangwan and Chapei and to retreat to a new line running from Soochow Creek near Jessfield Station, almost due north to the Yangtze River. The Chinese are reported by independent military observers in the Settlement to have retreated in order, and to have maintained their morale. Demonstrations of courage and heroism by Chinese rearguards have delayed the Japanese advance. The Chinese line still hinges on the International Settlement, and the Japanese are reported to be concentrating on severing the connection. The retreat must be accounted a military gain for the Japanese, but its importance can readily be exaggerated. If the Chinese are able to form a new line and to continue their resistance there will be no lessening in the demand on Japanese troops and munitions. The new line will be further away from the Japanese naval guns, but if the Japanese isolate the Settlement they will cut off one source of munitions for the Chinese, who are still obtaining some foreign supplies through Shanghai. Eleven weeks of intense fighting have proved that the Chinese soldier, inadequately armed and clothed, is capable of unlimited courage in defence of his country. Japan is welding a peaceful and disunited country into a unity whose power is born of suffering.

The other side of the world, however, has not yet reconciled itself to the indefinite continuance of the Far Eastern struggle. Preparations are being made for a conference of interested powers to discuss it. The opening, at Brussels, has been postponed, on account of M. Van Zeeland's resignation, from this Saturday to next Wednesday, and Germany and Russia have been added to the list of invited powers. The conditions under which it will meet justify no high expectation of the emergence of a united policy of defence against aggression. Countries whose Governments are reluctant to take effective action can hardly expect their delegates to save the world by passing resolutions. Emphasis at the moment is being put on "mediation," which in the circumstances can only mean pressure upon the Chinese to make sacrifices to Japan. The Japanese have refused to attend the Conference, and have issued a long statement condemning the Chinese and justifying Japan, the "good neighbour." The present affair can never be settled, say the Japanese, "until the Nanking Government mend their ways, abandon once for all their anti-Japanese policy and accept Japan's policy of co-operation and collaboration between the two countries." But while the Foreign Office in Tokyo writes notes, active control of affairs remains with the Army, whose sense of China's enormities shows no diminution.

Social Policy.—The determination of the Government to make prosperity the chief plank in its programme for the coming session was writ large in Sir Kingsley Wood's review on Wednesday of the impressive record and beneficent intentions of his department. To criticism of the surprising exclusion of the Special Areas from the King's speech, the Minister of Health replied that there was "real evidence of considerable improvement." It is, indeed, true that unemployment in the Special Areas has fallen by approximately 20 per cent. since September 21, 1936; but one might have expected more anxiety about the 210,000 who are left workless than complacency about the 50,000 who have been found employment. Sir Kingsley's account of housing and slum clearance was less uncritical. A record total of 70,000 houses were under construction at the end of September; and some 650,000 slum dwellers had been moved under the five-year programme. But 300,000 new houses were needed to abate slums and overcrowding in England and Wales. There was a lack, he said, of houses for aged persons and large families; and progress in rural housing was so unsatisfactory as to make necessary Exchequer assistance in the coming session. The Minister's claim that this country led the world in nutrition policy was not so discerning; and his account of measures effected and proposed for a more plentiful supply of milk to children and mothers was not very reassuring. The programme Sir Kingsley described to improve the midwives' service is a welcome approach to the solution of a terrible problem, but the Government would do well to remember that Sir George Newman's 1932 report stated categorically that good nutrition was the best safeguard of life in childbirth and health in infancy. The campaign to popularise the health services is a credit to Sir Kingsley Wood and his colleagues; but they have insufficient laurels to rest on as yet.

Progress of Re-armament.—How far has British industry succeeded in meeting the increased load placed upon it by the re-armament programme? Much of the work hitherto has been concerned with the enlargement of productive capacity for making armaments. This stage will soon be drawing to a close, and the production of the armaments themselves has already begun in some instances. Many, though not all, of the extensions to aircraft factories have been brought into production. If first-line strength in aircraft (including Fleet Air Arm and overseas strength) may be taken as something over one thousand before expansion, and the objective of the original expansion programme be put at approximately 2,500 machines, then Sir Thomas Inskip's statement last June that 123 new squadrons had been formed and would shortly be brought up to full strength (eleven machines per squadron?) would seem to indicate that the original objective is, nominally at least, in sight of achievement. It remains to bring the first-line strength to the desired standard in quality and to meet increased replacements promptly. This will doubtless be the principal function of the "shadow" factories which have now started production in some cases. For the Army,

supplies are believed to be coming forward fast enough to introduce a certain realism into military training, but the full equipment of all branches of the forces, including the Territorials, with the new weapons will need a good deal more time. On the naval side, five battleships are under construction out of the twelve which are to replace existing vessels, but this part of the programme is less advanced than other branches of naval replacement, as the Naval Treaty did not expire until the end of 1936. Of the sixteen new cruisers still required, at the end of last year, to bring the total up to the contemplated seventy (including ten over age) some seven were sanctioned under the 1936 estimates and eight more in 1937; but some of these have not yet been even placed with shipbuilders.

The completion of the destroyer programme is proving a heavy task. Most of the nine "Tribal" class vessels ordered in 1936 have been launched, but some of the eight 1936 "Javelin" class have only lately been laid down, and contracts for eight of the sixteen destroyers projected under the 1937 programme have not even been placed. On the subject of re-armament generally, it is understood that some large construction projects, like the ordnance factories at Chorley and Bridgend, are still only in the early stages of erection. Similarly, work has not advanced far on certain of the score or more of new aerodrome sites acquired for the R.A.F. in the last eighteen months. The delivery of engineering supplies, on the other hand, is very satisfactory, but even the existing factories are having difficulty in obtaining skilled workers. It has even been suggested that reversion to wood for certain aircraft parts may be necessary in order to maintain a high rate of production. Generally, the execution of existing re-armament contracts will take a considerable time. Effort must be intensive and prolonged if anything like £300 millions a year is to be spent in the next few years.

Mr Hull's Speech.—On the 22nd of this month the United States Secretary of State, Mr Cordell Hull, delivered a notable address at Toronto on the occasion of his receipt of an honorary degree from the University. In keeping with the academic surroundings in which it was delivered, Mr Hull's speech dealt with general considerations and not, except by implication, with the immediate conflicts of the moment. But, on a long view, this characteristic of the speech does not detract from its importance, but rather enhances it, considering the public to whom the statesman-doctor was speaking. That public was no less than the whole of the English-speaking population of North America; and this is a community whose eventual action may be decisive for the destinies of the world. North America (with its Southern appendage) stands, in the last resort, in the same relation as Great Britain towards the vast Eurasian Continent.

North America, too, is an island anchored off that mighty continent's shores; and in these days of shrinking distances the Atlantic and Pacific will soon be no wider than the Channel is now. On this account, the bigger island just across the Atlantic cannot—any more than the small island just across the Channel—keep itself permanently insulated from continental affairs; and this was the essence of the message which Mr Hull, at Toronto last week, was addressing to his North American audience. He began by telling them that nations were subject to the same social law as families or individuals. They cannot isolate themselves from the rest of Mankind without lowering not only their material but also their moral and spiritual standards. For example, to-day a war anywhere adversely affects the material and moral well-being of Mankind everywhere; and you cannot escape the repercussion just by labelling yourself a non-belligerent. He touched upon the paradox that the evilness of war is advancing, neck and neck, with the progress of civilisation; but he went on, in what was perhaps the most important passage of the speech, to point to certain "seeds of hope." No more than a community or a nation could the world of to-day base its existence in part on order and in part on chaos, in part on law and in part on lawlessness. And just as, sooner or later, the outraged conscience of a community or a nation set in motion forces which reestablished order under law, so Mr Hull believed that the same would happen in the sphere of international relations. Was Mr Hull inviting his hearers to remember a famous speech in which another North American statesman once declared that his country could not remain half slave and half free? If Mr Hull was invoking Lincoln, his hearers will accept the omen.

Herr von Ribbentrop in Rome.—The German Ambassador to the Court of St. James's plays so many rôles that rumour naturally gets busy when he visits a foreign capital other than that to which he is accredited. At the end of last week he visited Rome. The visit was brief and the state of health of the Ambassador's daughter was announced as the reason. But political consequences have a habit of flowing from the private visits to Rome of Nazi leaders. The simultaneous presence in Rome of the Japanese Ambassador to Berlin gave rise to the suggestion that Italy was being persuaded to join the anti-Communist Pact, of which the two Ambassadors were the signatories. The state of the Non-Intervention negotiations is another possible subject of discussion. But what makes this visit worth recording is the report, published in a Paris paper which is known for its Italian sympathies, that the subjects of discussion between Herr von Ribbentrop and the Italians were quite different—namely, Africa and the Near East. According to this report, Herr von Ribbentrop announced Germany's intention to make a formal demand in the near future for the return to her of the Cameroons, Togoland and Ruanda-Urundi, together with the placing of large areas

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of Central Africa under a joint condominium of Britain, France, Italy and Germany. The same four-power idea was to be applied in an even more startling form to the Near East, for it was to be proposed that Great Britain should share with the three other powers her present sole responsibility for Palestine. Now this unconfirmed report may be the merest moonshine. But it is certain that Germany's colonial demands are moving steadily to the forefront of her foreign policy and that Italy is doing what she can to stir up trouble for Great Britain and France in the Arab world. It would not be in the least surprising if both topics soon emerged into the open. Africa and the Near East may soon have to be added to Spain and China as focal points of the world's crisis.

Gijon and After.—Gijon, the chief port of Asturias, was entered by General Franco's forces on the 21st of the month, and simultaneously the Government forces' siege of the rebel garrison in Oviedo collapsed. This evidently spells the end of the north-western front; for though a certain number of guerrillas may hold out for some time—perhaps even through the winter—in the Asturian countries, the rebels will no longer be confronted with an organised resistance in this area. What is remarkable is not that the resistance should have collapsed, but that the Basques and Asturians should have held out so long—cut off, as they have been, from the main body of governmental Spain, while the whole weight of Signor Mussolini's "forty thousand" troops has been thrown against them. In spite of a crushing disparity in man-power and equipment, they have been moved to hold out by the intensity of their feelings—the Basques' feeling for their national autonomy, and the Asturian miners' feeling for the cause of the Spanish working class. It is hard to believe that two such ancient and ardent political forces as these can be kept under for long; and General Franco will no doubt have to leave considerable garrisons behind him to hold down these conquered enemy territories. Nevertheless, he will now be able to transfer the bulk of his north-western forces to his eastern front and concentrate on the effort to break through the Government lines. There are two obvious points for him to strike at: the Teruel salient which threatens to isolate Catalonia from the Castilian-speaking parts of the Spanish Government's present domain; and the Franco-Catalan frontier, across which the Government forces may eventually receive much-needed supplies if the lines remain uncut. Neither of these enterprises will be easy for General Franco and his Italian allies, since the two points both lie in mountainous country, where defence has the advantage over attack; and the attackers will be fighting against time, with General Winter (who can be formidable in Spain as well as in Russia) rapidly bringing up his reinforcements to the Government side. If the coming Italian offensive were to be brought to a stop, short of success, by the winter weather, then, in retrospect, the Basques and Asturians might turn out to have won the war for their side by having so valiantly prolonged their resistance. For if the war does last on into another spring, Italy will be faced with a choice between giving up the game or else sending to Spain fresh armies which would be as difficult for Italy to finance as they would be for France and England to tolerate.

Spanish Refugees in France.—The French Government have given orders that all able-bodied Spaniards between the ages of 18 and 45 who have entered France since July 18, 1936, are now to leave the country at the shortest possible notice. At first sight this order might seem severe, but on second thoughts it will appear not unreasonable. Even now, the French public authorities will have to shoulder a formidable burden in dealing with Spanish refugees who are women or children or invalids. And while a high standard of hospitality to political exiles is one of the best things in the traditional code of international politics, the scale

of the problem created by political evictions has increased, since the Great War, until it weighs heavily upon the liberal and humane countries. The able-bodied Spaniards who are now being expelled from France may not find it easy to obtain entry into any other country except Spain itself (though there are possible openings for refugees of both persuasions in Spanish America, where both the present Spanish ideologies are represented). Yet even if the majority of the men who must now leave France have to return to Spain they will at least have the choice of putting themselves in the power of whichever Spanish regime they prefer.

M. Van Zeeland.—The Belgian opposition has at last succeeded in forcing M. Van Zeeland's resignation. The campaign against him has been marked both by fury and scurrility. Hitherto he has withstood it; he has faced the electors of Brussels and won a resounding victory; he has met the Opposition in Parliament and been given a vote of confidence by a large margin. But the judicial inquiry into the affairs of the National Bank has apparently brought to light some further matters on which M. Van Zeeland feels that he must be free to defend himself. His resignation must not be taken as an admission of guilt. On the contrary, he has declared that he is not personally implicated, and it is reported that he intends to seek legal redress against his accusers. That he has felt compelled to resign is a pity, viewed from any angle. It is still hoped in Brussels that the wide basis of the National Government will be maintained, but it remains to be seen whether that can be accomplished without M. Van Zeeland's leadership. On the personal side, the retiring Prime Minister had many attractive qualities. He was young, energetic, skilful and unhampered by a political past. During his term of office, Belgium has enjoyed a substantial recovery for which he personally deserves and is given a large share of the credit; and the French and British Governments paid a high tribute to his skill as an economic statesman when they invited him to conduct an investigation on their behalf into the possibilities of reducing the barriers to international trade. It is, finally, particularly regrettable that a campaign of Nazi-like agitation and denunciation should have succeeded in a Western democracy in driving a public servant from office. Not for the first time in recent years, Belgium will be anxiously watched until it is seen how the crisis induced by M. Van Zeeland's departure is to be overcome.

Dr Schacht's Departure.—There is still no official announcement from Berlin of Dr Schacht's resignation from his office of Minister of Economics. But it has been known for some months past that he has been playing almost no part in the Ministry, which has been progressively occupied by nominees of General Goering. It is also known that his resignation was offered to Herr Hitler in September, and a meeting of the Cabinet on Tuesday is believed to have decided to accept it. Dr Schacht remains President of the Reichsbank, but his present term of office expires in April next, and there are reports that when that time comes he may decide to retire into private life. The measure of the reluctance with which the regime is giving up the prestige of Dr Schacht's name is shown by the long delay in announcing his resignation. There has obviously been an attempt by the Nazi leaders to keep him as a figure-head without any real authority, and Dr Schacht has had to force the acceptance of his own resignation by indulging in public criticisms of the economic policies pursued by the Government of which he is still a titular member. His departure must now be accepted by the outside world and announced to the German public, which is still, of course, very largely ignorant of his differences with the regime. These differences have related in the main to the scale of public expenditure and to the methods of State intervention in industry. Like many other people, Dr. Schacht finds it impossible to believe that the present scale of public expenditure in

Germany can continue for long without provoking inflation. Hitherto the Nazi regime has been living on the country's capital. The reserves of capital in liquid form are approaching exhaustion, but expenditure seems to expand rather than to contract. Dr Schacht's consistent preaching of the need for economy has earned him the hostility of the Nazi bosses and, recently, of the Army itself. The final conflict came over the Four-Year Plan, in which Dr Schacht's opponent was General Goering himself. Thus the redoubtable doctor has kept his courage to the last.

It is not easy to estimate the probable effects of his departure. It would be foolish to suppose that he is the only man in the Reich competent to direct the complicated machinery of financial autarky. On the contrary, Germany has never been short of competent administrators. But the moral effect is likely to be considerable. All barriers will now be removed from financial extravagance and from the pursuit of self-sufficiency à outrance. In the long run these policies can hardly fail to be disastrous. The German public, in so far as it is allowed to know the reasons for his departure, will see in it the disappearance of the last bulwark against inflation, for it is not forgotten that it was Dr Schacht who succeeded, where others failed, in stopping the printing presses in 1923. Abroad, feelings will be more mixed. Dr Schacht has driven very hard bargains with Germany's creditors, but he has built up for himself a very large reputation for intellectual integrity and technical skill. If there were any public indicators of Germany's credit still left, they would certainly have fallen this week, for it will seem to foreign financial centres that the last links connecting German finances with sanity and soundness have been broken. It is not so much Dr Schacht himself who is indispensable to Germany as the policies for which he stood in opposition to the theorists of the Nazi Party. It may well be that we have not yet heard the last of Dr Schacht.

Labour Activity.—Numerous important developments are in progress in British labour. The most important (apart from the deliberations of the Committee on Holidays with Pay) concern the distributive trades. As the result of a conference under the presidency of Mr Leggett, of the Ministry of Labour, representatives of the Shop Assistants' Union and the Association of Multiple Shops Proprietors have issued proposals for minimum wages for 80,000 employees of multiple grocery firms. These proposals stress the need for minimum standards of pay and conditions throughout the grocery and provisions trade, and they may be the beginning of a much-needed reform in distribution generally. In the first nine months of this year membership of the Shop Assistants' Union increased by 20,000. In other trades, prosperity and the rising cost of living have produced demands for higher wages. In the first week of November increases amounting to from 6d. to 2s. a week will become operative throughout the boot and shoe industry; advances in pay for 120,000 gas workers have been announced. Meanwhile, other important claims are pending. A 10 per cent. increase in the pay of 8,000 clerical and administrative workers has been refused by the Co-operative Wholesale Society, and a strike is threatened. So far, the recent demand of the Union of Post Office Workers for an improved minimum wage and better conditions of work has not been met. Some 80,000 operatives in the textile finishing trades have claimed increased wages; and a similar demand by the Amalgamated Engineering Union on behalf of workers in Government dockyards has been referred to a joint council.

These are the normal incidents of a period of booming trade, and they certainly afford no conclusive evidence of profound labour unrest. It is true that last week some 800 engineering apprentices came out on strike at Greenwich and Woolwich, and that apprentices elsewhere have threatened similar action, but they have been disavowed

by the A.E.U. who, now that their right to represent the apprentices has been recognised by the employers, are anxious to ensure orderly negotiation. A strike of 600 men at the De Havilland Aircraft Works at Hendon about the arrangement of night shifts was similarly restrained. Although negotiations in the Yorkshire coalfield for the new wages agreement have temporarily reached a deadlock, the outlook in the labour world as a whole remains fair. Union membership in 1936 rose by 9.8 per cent. to 5,308,000, the highest figure since 1925, and the members are now sharing to some extent in current prosperity.

Busmen's Wages.—The Joint Industrial Council of the passenger transport industry has reached an agreement which, if it is duly ratified, will give nearly 70,000 employees in municipal buses, trolley-buses and trams an increase in wages of 2s. a week, with a scale of paid holidays. This national agreement, however, does not cover workers in company-owned undertakings, the majority of whom are employed by the Tilling and British Automobile Traction group. The companies, as a rule, negotiate local agreements with the unions, which vary considerably from district to district. Many companies cater for sparsely populated areas where traffic is lighter and the driving strain less severe than in the towns. For road transport undertakings, wages are the most important item in operating costs and any upward movement in wages would be difficult to recoup from the travelling public. Hitherto, the Traffic Commissioners have normally been unwilling to sanction changes in fares, and as there has been a progressive improvement in recent years in the ratio of expenditure to receipts, they would probably take the view that a sufficient margin already exists to cover increased wages costs.

Open Air and Open Spaces.—The Government's physical fitness campaign has met with general favour. There are, however, some people who rightly believe that the road to better health is by better feeding and a free, outdoor life rather than merely by exercises. This point was strongly made by Lord Baden Powell at the annual dinner of the Camping Club on October 24th, and gives importance to the decision of the Youth Hostels Association to embark on a £50,000 scheme to establish 50 new centres. Already youth hostel activity has been assisted by grants from the King George Jubilee Trust and the Commissioner for the Special Areas, and the new programme is in anticipation of contributions from the National Advisory Council for Physical Fitness. The King himself, in his Message at the close of the Parliamentary session on October 22nd, spoke warmly of "the provision of facilities for recreation and healthy outdoor activity"; and on the same day both Lord Stanhope and Mr Walter Elliot insisted that the object of the new campaign was to bring the joy of games and personal fitness to adults as well as to children, without regimentation or compulsion. If physical training is to be so freely interpreted, many of the dangers latent in organised recreation will disappear. Moreover, if the objective is to be outdoor

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activity, there will be need to examine the accessibility of moorlands, mountains, woodlands, commons and footpaths to ordinary people. A meeting of walkers and campers last week-end under the auspices of the Commons, Open Spaces and Footpaths Preservation Society, expressed alarm about the frequent denial of entry. The virtues of National Parks, such as the one projected this week by the Forestry Commission in Snowdonia, will be restricted if, elsewhere, rambles are confined to the towns and the high roads.

* * *

Juvenile Crime.—Sir Samuel Hoare, in a few brief months at the Home Office, has firmly associated his name with penal reform. Part of the new session of Parliament will be taken up by the improvement of prison conditions. Meanwhile, a dual attempt is to be made to reach the very roots of crime. The criminal of to-morrow is distressingly often the juvenile delinquent of to-day. Since the beginning of 1933 a new system of special courts and remand homes has been in operation which, incidentally, goes far to explain the apparently disturbing rise in 1935 in the statistics of youthful crime. On October 23rd, Sir Samuel Hoare announced two forthcoming inquiries. One will examine scientifically the causes of juvenile crime. The other, armed with the large knowledge of the Board of Education and its advisers about "backward" children, will estimate the correlation between "dullness" and crime in children. We have already moved some way in this country from primitive conceptions of punishment. We can even see that, at times, the doctor or psychologist is more useful in the treatment of crime than the policeman or warder. These inquiries will extend still further a movement which is based not on sentiment, but on the growth of knowledge. Meanwhile, it is essential that magistrates use the facilities of the new courts and procedure for juveniles as they are meant to be used. There is still far too great a discrepancy in practice between one district and another.

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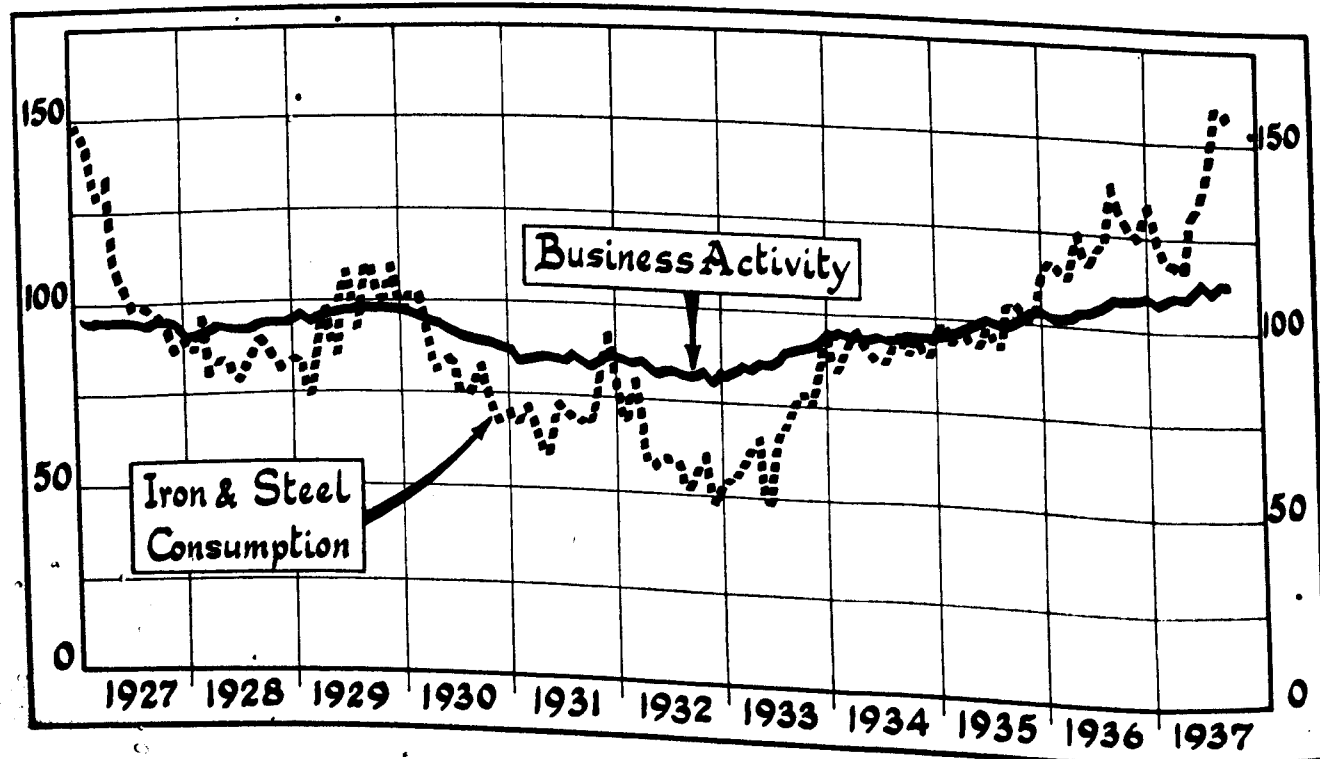
Mr Lyons Comes Back.—Mr Lyons' triumph in the Australian elections is none the less remarkable for being indifferently founded. The Government coalition suffered a net loss of only two seats in the Lower House, and will have a clear majority of 12. But a strict system of proportional representation would have produced a stalemate; for the Government candidates secured slightly less than one-half of the total

votes cast. In the Senate voting the Ministerialists were in a definite minority. Here the complicated electoral machine appears to have worked on the side of Labour, which has won the vacant Senate seats in New South Wales, Victoria, Western Australia and Tasmania. Even if the slow completion of the preferential voting system shows that the Government (as it hopes) has secured the Queensland and South Australian seats, its majority in the Upper House will be reduced to three or four. If one of those States falls to Labour, the two Houses will have opposite majorities, as happened in the reverse sense during Mr Scullin's regime. In any case, Mr Lyons will not have an easy passage in the new Parliament, and may find it necessary to trim his policy towards the Left. One matter that closely concerns Great Britain and the outside world is that of the tariff and trade agreements; for it has been popularly believed that the discussions for an Anglo-American trade pact were being held up, pending the Australian elections. The issue was kept in the background on the Australian hustings, which were occupied, above all, by the differences on defence and international policy. The results suggest that, in spite of Mr Lyons' return, the doctrine of isolationism has a strong hold on the Commonwealth.

* * *

Steel in Prosperity and Depression.—Steel has long had the reputation of being a "prince or pauper" industry. Few domestic industries, indeed, are liable to wider variations in demand. In the case of steel, these are due, in the main, to cyclical fluctuations in capital investment—accentuated, in recent years, by the operation of the tariff. These tendencies are illustrated in the accompanying chart, which shows the monthly course of domestic steel consumption and of general business, as calculated by *The Economist*, since January, 1927. The high level of steel consumption early in last year arose from the need to make up arrears accumulated during the coal strike of 1926. In 1929, the index of domestic steel consumption did not rise very much above the general level of business activity, because there was then no undue expansion of the capital equipment industries. During the depression, however, the index of steel consumption fell considerably below that of general business activity. Similarly, the expansion of steel consumption has considerably exceeded the rise in the general volume of business since 1936, an indication of the marked increase in capital investment during the past two years. Since last spring, the rate of increase in steel consumption has been speeded up by the exigencies of

THE ECONOMIST INDICES OF BRITISH STEEL CONSUMPTION AND BUSINESS ACTIVITY
(1935=100)



re-armament. To-day, however, the curve of steel consumption has risen so much above that of general business activity that it would be surprising if the recent rate of expansion were long maintained.

* * *

Austria-Hungary-Poland.—There are movements on foot in Central Europe to-day which are distinctly inimical to the Naumann-Rosenberg plan of a German hegemony. Last week-end the Austrian Bundeskanzler, Dr von Schuschnigg, visited Hungary and conferred with the Hungarian Prime Minister, M. Daranyi. The main subject of discussion between the two statesmen appears to have been the continuance of unwarrantable Nazi political pressure upon both countries. The pressure on Austria is too familiar to need description; but there is a parallel German campaign in Hungary—aiming not only at the organisation of the German minority, but also at the creation of a native Magyar Nazi party—which has latterly been creating irritation and alarm in the minds of patriotic Hungarians of all parties. The agitation made by these Magyar Nazis has now become sufficiently serious to compel the Hungarian Government to increase their police force by 2,000 additional men in order to cope with it. And, in a public speech delivered last Sunday, the Opposition leader, M. Eckhardt, spoke sharply about the persistent intervention of Germany in Hungary's internal affairs and compared it unfavourably with Italian neutrality. This Austro-Hungarian reaction against German aggressiveness is significant, because Austria and Hungary cannot be accused either of Communist leanings or of sympathies with Russia or of being "have" powers who are determined to hold on to war-loot which they have no right to possess! There is an equally significant *rapprochement* between Austria and Germany's latter-day friend Poland. The Polish Foreign Minister, Colonel Beck, recently visited Vienna, and this week the Austrian Foreign Minister, Dr Guido Schmidt, has been paying a return visit to Warsaw. Of Poland's three former masters, the Austrians alone have left pleasant memories in Polish minds, and it looks as though Poland no longer believes that she can save her own skin by throwing Austria to a Prussian wolf. It is thoroughly healthy that Germany's aggressiveness in Central Europe should evoke these widespread defensive reactions among the threatened parties.

* * *

Prague's Fears.—Austria and Hungary are not the only Central European States which are threatened by Nazi agitation. Czechoslovakia is still in the most exposed position. The clash between the police and certain followers of Herr Henlein at Teplitz was reported in last week's *Economist*. The violence of the German Press and the sharp answer returned by Baron von Neurath to Czech diplomatic protests gave the Prague Government reason to believe that they stood at the threshold of a possible Putsch to take place as a result of the communal elections scheduled for November 14th. This may or may not have been pure nervousness. But it remains true that if Germany should ever wish to make serious trouble with Czechoslovakia it would start with the provocation of clashes between Henlein adherents and the police. The Czechs can never forget that there is a Sudeten Brigade in Germany just as there is an Austrian Legion. To be on the safe side, the Government have postponed the communal elections and imposed a ban on political meetings, both measures extending to the whole Republic so as to leave no room for accusations of discrimination. Thus the Nazis have achieved one minor success in interfering with the processes of democratic government in Czechoslovakia. But since elections were due to be held in only 48 communes out of about 11,000, the damage is small. This constant vigilance in Prague is one of the best safeguards of European peace, for if the Nazi extremists are given no opportunity of provoking a Czech-German conflict except by an open clash of armies, it will probably never be provoked.

French Secret Funds.—It has long been a matter of common belief that the secret funds which the French Government, like all other Governments, has at its disposal were used to influence domestic politics. But clear proof of the way in which they are used has never before been so startlingly forthcoming as in evidence which M. Tardieu, a former Prime Minister, gave in a court of law at Lyons on Tuesday. The action was one for slander brought against Colonel de la Rocque, leader of the late Croix de Feu and of the present Parti Social Français, by one of his former adherents. One of the substantial points at issue was whether or not Colonel de la Rocque had used for his personal account subsidies given him from the secret funds. M. Tardieu gave evidence that Colonel de la Rocque had been introduced to him in 1930 by "a high military personage" and that from that date subsidies began to be made. For eighteen months the Colonel proved "a good servant," but when he "had a job to do for us in Toulouse" in April, 1931, he bungled it. The nature of this "job" can be guessed from the following remark: "In October, 1931, he did better, for M. Laval had a splendid acclamation at the Gare St. Lazare." Finally, M. Tardieu said, that he passed the colonel on to M. Laval when that statesman became Prime Minister and that the payments were continued. M. Tardieu seemed to have no compunctions about his action, which he considered to be normal and proper in French politics. If so, all the more discredit to French politics. It is the primary rule of honesty in politics that public funds shall not be used for party, still less for personal benefit. There will be less than complete confidence in the integrity of democratic government in France until the state of affairs revealed by M. Tardieu's evidence has been very radically changed.

* * *

Business Remains Active.—The lull in the volume of new business in certain industries has not yet affected the current level of industrial activity, which remains as high as ever. The iron and steel and engineering industries are working at capacity and pressure for delivery is still strong. Supplies of steel, however, are now less stringent. The output of coal declined slightly between the weeks ended October 9th and 16th, from 4,908,000 tons to 4,866,000 tons, but is still well above the level of a year ago. As a result of the decline in freight rates, reported by our Cardiff correspondent on page 247, export prices (c.i.f.) have been lowered without, however, appreciably stimulating demand. Collieries, therefore, continue to depend mainly on their contract commitments. Raw cotton prices declined again this week, but inquiry for cloth has been well maintained. Retail trade is still increasing. The latest developments in business activity are discussed in detail in our monthly Trade Supplement, published with this issue of *The Economist*.

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2, 3 & 4 Cockspur Street, London, S.W.1

Overseas Correspondence

From Our Special Correspondents

United States

Steep Decline in Share Values

NEW YORK, October 18.—The bear market of 1937 has now definitely established a place in history. It was exceeded by the 1929 collapse; but it approximates to that of 1920-21, and compares with the panic of 1907. About half of the shares listed on the New York Stock Exchange have fallen more than 50 per cent. in price since early in the year. The Dow-Jones averages of industrial shares have lost about 40 per cent. of their rise since the low points of 1932; rails have lost nearly 60 per cent., and utilities over 80 per cent.

Every previous bear market has been preceded by a shortage of credit, and very high money rates. In this case there was no rise in short money rates, except for a brief period when 90-day Treasury bills were quoted on a 0.70 basis before receding to below 0.50; the call rate never wavered from 1 per cent.; and customers' loan rates at banks remained at the lowest levels ever charged. At no time have the member banks had less than \$700 millions of excess reserves, and since the release of gold in September, the average has been well above \$1,000 millions.

In August the Federal Reserve Board's Index of Manufactures (adjusted for seasonal variation) stood at 118, as high as the spring peak, and with the exception of the month of December, 1936, as high as any month during the recovery. This autumn, railway car loadings have reached a volume greater than at any time since the autumn of 1930; and electric power production so far this year has reached a record high level.

Explanations of the Decline

There are now four explanations offered. The first and simplest is that the decline is a case of speculative hysteria; that the market is utterly out of touch with business; and that it took fright at the prospect of a "deferred seasonal" recession in production of prospectively brief duration and inconsequential magnitude—a necessary and even desirable "correction" of the "sellers' market" of last winter. A second view has been very ably expounded by Mr Winthrop W. Aldrich, Chairman of the Chase National Bank, who stated:—

The break in the market may or may not have significant consequences for business, but it was not initiated by change in business facts. Few informed investors, however, are free from apprehension regarding the long-run consequences of (governmental) policies already inaugurated or of policies proposed. The break

which began in mid-August is not to be attributed to current business or to foreign selling. . . . The stock market, once broad and active, once so capable of absorbing a tremendous volume of security sales with moderate price recessions, can now absorb a greatly reduced volume of sales only with very serious breaks in prices. Conversely, a very moderate amount of buying brings rapidly rising prices. What are the factors which have brought about this change? I think that the answer is clearly and definitely to be found in the cumulative effect of a variety of governmental policies, some of which are directly concerned with the activities of the Stock Exchange themselves, and others of which, designed for a different purpose, none the less restrict drastically the trading activities of the customers of the Exchange.

From that point, Mr Aldrich's argument includes the factors enumerated in "Wall Street and the Speculator," on page 76 of *The Economist* of October 9th, with some difference of emphasis on the part played by regulation of the market itself.

Wall Street and Business Prospects

The difference of emphasis between Mr Aldrich and *The Economist* article, which may be regarded as stating the third current explanation, is of the utmost importance. Mr Aldrich categorically disassociated the decline in the market from business conditions, except as the latter might be impaired by the former. *The Economist's* contributor, on the other hand, stated that:—

Those observers who expect a substantial trade recession in this country during the next twelve months have been in a minority until recently, but now their number is growing.

It is quite true, as Mr Aldrich states, that in August, when the market break began, production was excellent, but there was a "minority" that became apprehensive about the prospects of continued prosperity as early as last spring for two specific reasons: doubt whether the consumer could pay the higher prices clearly indicated for the autumn; and uncertainty about how long activity in the heavy industries could be maintained in the absence of a new issue market for corporate securities. As *The Economist's* contributor stated:—

In future months, the Wall Street slump may be a valid anticipation of a recession in trade and corporation earnings.

The fourth view, in turn, reflects mostly a change of emphasis compared with *The Economist* article. Since the labour troubles of last winter a good many persons have been increasingly concerned about profit margins. Quotations have visibly reflected this concern. The group which has had the worst market is public utilities, whose output will probably reach a new high record this year, but whose ratio of net earnings to volume of output has been conspicuously reduced. Something of the same sort is visible in rails; the year's traffic record to date is the best since 1930, but the decline in rails has been extremely severe. Their wage costs have risen; the price of their product has not been permitted to rise; and the earning margin has been drastically impaired. In short, in these two major industries it was not necessary to foresee any decline in volume of business to foresee a serious decline in earnings. It has been generally recognised that the increase in wages in the first half of this year has raised costs, but the consequence to the profit margin is still problematical. The most that can be said is that the profit margin has become so vulnerable that

even a minor recession in volume could in instances cause a major decline in earnings.

Whatever the future, the bear market of 1937 is a major economic fact. One can hardly rate as inconsequential a decline that has clipped from 40 to 80 per cent. off the total gain in the market appraisal of the equity in American corporate enterprise since the bottom of the depression. Its character is certainly complex, and analysis *in medias res* is usually subject to eventual correction. The net result is that our equity market, rightly or wrongly, appears to have capitalised a reduction in corporate earnings of close to 50 per cent.

France

Appeals for Unity

PARIS, October 28.—The cantonal elections were a check for the Communists but a success for the Radicals and the Socialists. Public opinion has ratified the "pause." But if public opinion has "changed" again since the period of "stay-in strikes," of demands for "guns for Spain" and of the attack against the Senate, the Communists are now hindering the changes which seem to be inevitable if the franc is to remain stable. After the elections, M. Chautemps, the Radical leader of the new Cabinet, and M. Blum, the Socialist leader of the first Popular Front Cabinet, both announced that there would be no break-up of the Popular Front, which still commands the confidence of the masses. Such a split could only result in a dissolution and a new general election.

Nevertheless, this joint appeal by the Radical and Socialist leaders is subtly interpreted as a manifestation of the real discord between the two parties, and even in the ranks of the Radical Party itself. This discord, it is argued, threatens to appear at the Congress of the Radical Party, which takes place this week at Lille, or at the Congress of the Socialist Party at the beginning of next month. Thus both speeches were designed to avert such an explosion. Dissension affects both foreign and domestic policy. The supporters of a policy of firmness grow every day in the Cabinet as a consequence of developments in the Mediterranean; and the rise in the cost of living has practically absorbed the entire increase in wages received during the last twelve months. Wages have been increased by from 35 to 40 per cent. since May, 1936, and the rise in the cost of living is already over 30 per cent.

Wages and the Cost of Living

The first dispute about wages was between the civil servants and the Government. This has now been followed by the demands of pensioners and of metal and building workers for higher payments. The real wages of the civil servants are actually lower now than a year ago, but higher than in 1930 and 1914. Those of the metal workers are also much higher than in recent years, though probably lower than a year ago. But it seems improbable that comparisons with the years before 1936 will be considered. Parliament will have to arbitrate the conflict between the civil servants and M. Bonnet, and the normal organisations will settle the other disputes. It is likely that the Budget and French prices will be the victims of these new claims.

These claims were not a surprise. What was surprising was the speech of M. Chautemps, which gave no real assurances about the revision of the social laws—not even modification of the 40-hour week, on which the Stock Exchange had relied after the sensational declarations at Rambouillet. The "pause" continues, and, with the promise of certain adjustments in the distant future, that is all. Meanwhile, the deficit on foreign trade account remains an actual menace; and nothing has been done to ensure a minimum profit for business in order to

accelerate the return of capital. It may be, of course, that while the Prime Minister declares the social laws "inviolable," the Government is agreeing to modifications behind the scenes. The manoeuvre is not easy, because the trade unions are on the watch, and, on the other hand, public opinion tends to rely on official declarations rather than on facts.

For the first time since the advent of the Popular Front Government (May, 1936) the general index of wholesale prices fell last week by 6 points, from 620 to 614; the index of the prices of imported products declined sharply from 576 to 563 and of domestic products only from 644 to 643.

Production of Electricity

The production of electricity in 1936 shows a slight increase of 3 per cent. over 1935. The production of thermal electricity actually fell from 8,080 million kwh. in 1935 to 7,580 millions in 1936; but the production of hydro-electrical power increased from 7,835 million kwh. to 8,940 millions, or by 12 per cent., and the proportion of hydro-electricity in the total output increased from 51 per cent. to 54 per cent. The increase of hydro-electric power has been mainly in the south-east.

New plants representing an average annual production of 115 million kwh. have been built in 1936, and the programme of 1937 and 1938 anticipates a further capacity for production of 261 million kwh. The capacity for the production of hydro-electricity is 12,000 million kwh., but the actual production is only 9,000 million kwh. a year. Capacity for thermal electricity is about 10,000 million kwh. Thus the total capacity is 21,000 million kwh., and, since consumption is only 16,500 millions, there remains an unused margin of 25 per cent.

Germany

Coming Depression Denied

BERLIN, October 27.—Taking as text the Stock Exchange declines in America and Europe, the financial Press publishes elaborate surveys of the world trade outlook; and comes in general to the conclusion that no major depression is to be feared. From the facts that prices of many important English industrials have held well, and that Amsterdam, where shares are largely in raw material concerns, has had a particularly sharp setback, it is concluded that a main cause of the decline in values was the fall of primary commodity prices. But it is argued that this fall, in view of the prevailing fear of too rapid a rise in industrial production costs, may be actually considered as a favourable factor. On German internal trade and on the balance of foreign trade the decline in the prices of raw materials and grain ought to have a good effect.

In the official journal *Der Vierjahrsplan*, General Göring publishes his own survey of state policy towards private business. Though this survey is very general in character and contains nothing new, it has a certain significance. Inasmuch as it deals with questions of "uniform direction and organisation of business," which are properly the sphere of the Ministry of Economy, the view is confirmed that the Ministry has been virtually embodied in the Plan organisation, or, in other words, that Dr Schacht has been virtually replaced by General Göring.

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After an unbroken decline for six weeks the share market recovered a little last week. The chief feature was a sharp rise in loan-stock securities, including Reichsbank, which gained nearly seven points. It is expected that a new law perpetuating the loan-stock system, which originally was to last only three years, will soon appear, and that, simultaneously, a decision about the distribution of impounded dividends will be announced. On the other hand, the loan-stock system may be abandoned, and replaced by a general restriction of dividends. The Reichsbank has decreed that maturing U.S.A. Government bonds held by Germans must be delivered up. As this measure is explained by the argument that the gold clauses in these securities have been definitely repudiated, it is assumed that the holders will be compensated in marks at about the current official rate.

A new official estimate of cereal crops shows yields per hectare of rye and wheat slightly above the estimate made at the end of August; and those for barley and oats are considerably higher. In most cases the estimates per hectare are higher than the actual per hectare yields in 1936. The rye crop is re-estimated at 6,760,000 tons, compared with 7,390,000 tons in 1936; and wheat at 4,390,000 tons, compared with 4,430,000 tons. The deficit is entirely due to the decrease in the area sown. The crops of barley and oats are 584,000 tons more than those of 1936. The sugar-beet crop is estimated at 14,010,000 tons, which is 15.9 per cent. more than in 1936; vegetables 9.7 per cent. more; and hay 7.3 per cent. less, but still above the average of the last six years. A Rentenbank enquiry for the farm year 1935-36 shows a very slight decline in agricultural indebtedness. The old regional distribution of indebtedness has not changed, much the heaviest being that of East Germany.

Improving National Income

The Institute for Trade Research estimates the gross national income from wages and salaries (including official and military) in the first half of this year at Rm. 19,010 millions, compared with Rm. 17,170 millions in the same half of 1936. It fell from Rm. 44,470 millions for the year 1929 to Rm. 26,000 millions in 1932, and recovered in 1936 to Rm. 35,860 millions. The net income is reduced by deductions for wages tax, citizens' tax, and social insurance contributions, which are together put at 12 per cent. of the gross income, compared with 12.5 per cent. in 1933. On the other hand, the net income figure includes unemployment pay and cash payments by the Sickness Insurance organisation, these being classed as "derived income," but not invalid pensions and other benefits accruing to persons who have ceased work altogether.

On this basis the net income in the second quarter of 1937 is estimated to be 39 per cent. higher than in the same quarter of 1933; and in the year 1936 it was 32,666 millions. On the basis of the official cost-of-living index, the *real* net income in 1936 was Rm. 39,811 millions, compared with Rm. 32,751 millions in 1933; in the first half of 1937 it was Rm. 20,895 millions, which is more than in the boom of 1928, when, in the first half of the year, it was Rm. 20,207 millions. These figures, it is added, do not claim to be exact. They would be more convincing if the Institute, which claims to be a serious organ of enquiry, did not salt them with polemical reflections about reparations and complaints that foreign observers of Germany are always in the wrong.

A report of the Reich Bureau of Statistics shows a rapid decline in the number of limited liability companies. In six months of this year the number of limited liability companies declined from 39,249 to 33,578. The dissolved companies were mostly transformed into firms, partnerships, or "open trade companies." Coal production in the first nine months of 1937 was 136,168,000 tons, compared with 115,223,000 tons in the same period of 1936. Lignite output increased at approximately the same rate, being 134,750,000 tons, compared with 115,655,000 tons. Ingot-steel production in the first nine months was 14,553,600 tons, compared with 14,487,900 tons in 1936. Imports of pig-iron are still increasing. The export market for steel is very dull. House-building, counted by

the number of new dwellings, was 11 per cent. more active in the first half of 1937 than in the corresponding half of 1936, but the number of permits to build declined. The Reichspost's report for the operating year ended March 31, 1937, shows a substantial increase of business. Operating receipts were Rm. 1,873 millions, against Rm. 1,734 millions in the preceding year; expenditure Rm. 1,418 millions, against Rm. 1,371 millions; and contributions to the Reich Rm. 149 millions, against Rm. 104 millions.

Early this week money was in heavy demand for the month-end settlements. The Reichsbank's return for the third week of October shows repayments of 91.6 per cent. of the September month-end credits. The abnormal credit pressure already shown in the Reichsbank's return for September 30th appears also in the balance sheets of the commercial and other banks for that date. Deposits sank by Rm. 150 millions, and loans rose by Rm. 170 millions. The banks were compelled to realise liquid securities, in particular bills and non-interest bearing treasury certificates.

Italy

Corporativism in Agriculture

TURIN, October 11.—At present all the Corporations are busy discussing plans for autarky. The aim is to make the country self-sufficient by 1940. In agriculture the corporative system works mainly through intervention on the market and control of prices. It is most stringent for wheat, rice, wool, hemp and cocoons.

The agricultural year, though spoilt to some extent by insistent rains, has been generally very good. The yield of wheat, about eight million tons, is deemed sufficient for the country's needs; and foreign imports can be entirely dispensed with in the agricultural year 1937-38. As, moreover, the yield of maize and other secondary cereals, as well as of leguminous crops, was very good, a decree of September 12th authorised prefects to render compulsory the use of 10 per cent. of maize and other cereals in the manufacture of flour for bread. The object of reducing the use of wheat is to build up a stock of wheat in case the 1938 harvest should be deficient.

The grape crop was only average; but as wine stocks were everywhere exhausted the price of grapes is soaring. Accordingly, most of the comprehensive legislation enacted last April to regulate the wine industry, from the planting of vineyards to the sale of wine, is temporarily suspended. The Government is now content to promote the setting-up of public co-operatives, where growers can bring their grapes if market prices are not remunerative.

Owing to well-spaced rains fodder is plentiful. Farmers are in no hurry to bring cattle to the market and, while forage prices are lower, cattle prices are rising. Therefore, to stimulate deliveries to slaughterhouses, the maximum prices for young calves were raised. Meanwhile beef prices range near the maxima permitted by the corporative authorities, based on the average of prices in April and May.

Rising Trend of Public Prices

The olive oil yield is 220,000 tons, compared with 150,000 in 1936. No changes in price, therefore, have been sanctioned. In the case of rice, wheat, wool, hemp and cocoons, producers must sell all their output, with certain allowances for their own consumption, to public bodies. The trend of public prices is unmistakably on the increase. Wheat, for instance, must be sold at 1,250 lire per ton, compared with about 1,140 in 1936, and cocoons at 7.50 lire per kilogram, compared with about 6.5 lire.

The wheat price is remunerative, and farmers are encouraged to adopt better methods of cultivation. The

cocoon price, on the other hand, is barely equivalent, on the basis of the present gold content of the lira, to 1.20 old lire. At that price silkworm growing is a declining industry. The Government, by means of a very complicated system of levies and export inducements, is already endeavouring to maintain a cocoon price above the world market level; but to reach the equivalent of even the lowest price recorded in the century before 1914 the price would have to be raised to at least 15 lire per kilogram. To rebuild the silk industry on the basis of domestic supplies will be very expensive.

In the year 1936-37 the internal level of rice prices was more or less equal to the international level. Therefore the Rice Board did not need to spend much money to encourage exports. The current yield will probably be good and abundant. Moreover, as farmers were complaining of rising costs, and especially of wages, the Rice Board have increased the maximum price for raw rice from 780 to 920 lire per ton until January 31, 1938; it will then be raised to 940 lire by May 31st and 960 lire on September 15th. After that date the Rice Board will buy all unsold stocks at 960 lire.

The Corporative Committee have also increased, from September 20th, the price of domestic hemp delivered from public warehouses for export. The rise is justified by increasing costs. The interesting point is that the increase is higher for the best qualities. This is a move towards encouraging hemp growers to improve the quality of their product.

Jugoslavia

The Opposition and the Government

BELGRADE, October 11.—After two and a half years the Serbian Opposition parties and Dr Macek, on behalf of the Croats, have at last drawn up an agreement. They lay down that power should be entrusted to a new Government which "enjoys the confidence of the people." Such a Government would abolish King Alexander's constitution of 1931, and proclaim a temporary constitution which would recognise the Dynasty, the State frontiers, the principles of constitutional and parliamentary rule, and fundamental political, and civic rights. It would issue a writ for the election of a Constituent Assembly, which, when elected, would pass a definite constitution by a "majority of the Serbs, majority of the Croats, and majority of the Slovenes." For the achievement of this aim, all the signatories, i.e. the Serbian Radical, Democrat and Agrarian Parties, the Croatian Peasant Party and the Serbian Democrats of Croatia form one political bloc.

This agreement is without doubt one of the most important political events of recent years in Yugoslavia. The agreement has been presented to Prince Paul, but it is practically certain that he will refuse to accept a solution which might result in a federal form of government. In that case, the Opposition threaten to appeal to the nation, relying on the general dissatisfaction with the regime, which was increased by the Concordat. Whatever the effect of this appeal, it presages a winter of hard, and probably bitter political struggle.

The Government is not remaining inactive. Relying chiefly on the confidence of the Regency and the wave of economic prosperity, it is also fortifying its position by a series of political and economic measures. Dr Stojadinovic has announced that the Government does not intend to bring the Concordat before the Senate. The Cabinet has been reconstructed. The salaries of lower civil servants are being restored to the pre-1935 level. The interest charged by the State Mortgage Bank is reduced from rates varying between 7 and 10 per cent. to a uniform 6 per cent., an important measure because a large percentage of town houses are built by means of mortgage loans. Other minor concessions

include the lowering of import duties on cars and spare parts from 30 to 15 per cent. *ad valorem*, the rescinding of the luxury duty on cars and the cheapening of petrol. The journey of Dr Stojadinovic to France and England is also expected to repair his prestige.

Production and Trade Advance

The economic boom still continues. A bumper maize harvest is expected to yield 53.3 million quintals. Among industries, timber, transport, leather and hides, quarrying, textiles and clothing, and the heavy metal trades are doing especially well. The index of mining output is 140 for June, compared with 107 last year. The number of insured workers has risen to 713,835, some 73,000 more than in June, 1936. The level of wages is also slightly higher at 22.73 dinars per day compared with 21.56, and the total wage bill has risen from 339.9 to 405.5 millions. Savings deposits rose from 10,602 to 11,690 million dinars between August, 1936, and August, 1937. The indices of savings, employment and mining output are the highest for six years.

Foreign trade is also prospering. Exports during the first eight months were 2,497,000 tons valued at 3,959.9 million dinars compared with 1,665,600 tons valued at 2,333.7 million dinars in the same period of 1936, an increase of 88.22 per cent. in volume and 69.68 per cent. in value. Imports improved to 692,500 tons valued at 3,294 million dinars from 614,400 tons valued at 2,587.6 million dinars in the first eight months of 1936, an increase of 12.61 per cent. in volume and 27.30 per cent. in value. An active balance of 665.9 million dinars has so far been achieved compared with a passive balance of 250.9 in the same months of 1936.

Norway

Buoyant Revenue and Easy Money

OSLO, October 2.—According to estimates the Budget for the fiscal year ended June 30th will be balanced with a comparatively substantial surplus, probably somewhere between 30 million and 50 million kroner. This amount will be used to pay off part of the National Debt, which will consequently be reduced from about 1,500 million kroner to 1,450-1,470 million kroner. Revenue for the first two months of the current fiscal year is also considerably above estimates.

The money market continues easy. Deposits in private banks have increased during the eight months ended August 31st by about 80 million kroner to 888 million kroner, while loans have risen during the same period

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by about 70 millions to 995 million kroner. The note circulation of the Norges Bank, with the continuous rise in prices, has increased steadily and is now nearly 30 million kroner higher than a year ago. At the same time loans and discounts have fallen by 84 million kroner, and the exchange reserve of the Bank has increased from 159 million to 232 million kroner.

At the annual meeting of the Norwegian Bankers' Association held in September the President, Mr Sandberg, expressed uneasiness about the present policy of taxation which, if not amended, might lead to the diversion of capital from its natural course through the banks. Mr Sandberg also discussed the lending policy of the banks, which had been conducted to avoid unhealthy speculation. Mr Sandberg did not foresee any imminent fall in world prices with a consequent reversal of the present upward movement of trade and industry; but at the same time he called attention to the fact that a continued rise in the cost of production, building, etc., would inevitably lead to recession sooner or later.

Resumed Business Activity

While there was a set-back in business activity during May and June last, and a halt in the rise in prices, the third quarter of the year has been characterised by returning activity in most branches of industry and trade. This is shown by a rise of three points in the wholesale price index from June to July-August, but is more strikingly reflected in the trend of foreign trade. The rise in imports has been a conspicuous feature in foreign trade statistics since the beginning of the year, but was particularly marked in July by the fact that preceding years have regularly registered lower import figures in July than in June.

Total imports for the first seven months of this year exceed exports by about 304 million kroner, compared with 134 million kroner in the same period last year. The figures for August show a slight reaction; the value of imports is about 96 million kroner compared with 105 millions in July, and exports have also fallen by about 4 million kroner. In imports ships show a substantial increase compared with last year from 33 million to 95 million kroner, chiefly because of the heavy rise in prices. Apart from ships, the greater part of the rise in imports represents heavy buying of raw materials for industrial purposes, the increase being about 58 per cent. compared with a rise of 38 per cent. for consumption goods. Most groups of exports show appreciable increases, with metals ranking foremost. Great Britain is unquestionably our best customer. During the first half of 1937 Norway's imports from England were valued at 157.6 million kroner, or 24 per cent. of total imports, compared with 109 millions, or 25 per cent., during the same period last year. Norwegian exports to England were valued at 105 million kroner in the first half of this year and 84 millions in the first half of 1936, representing in each case about 20 per cent. of total exports.

Palestine

Disorders and Public Finance

JERUSALEM, October 5.—The Government of Palestine recently issued its Annual Report on the financial transactions for the year ended March 31, 1937. The troubled events of the year were reflected both in public and private finance. The surplus balance of the Government, which had risen at the beginning of 1936 to £P6,250,000, declined to £P4,830,000. Palestine was called upon to make payment to His Majesty's Government of £P1,180,000 in respect of the excess cost of the military forces despatched during the disturbances. There was a marked fall in the revenue of the year, the receipts from Customs duties alone declining from £P2,750,000 to £P2,000,000; and expenditure exceeded the estimates by over £P1,000,000.

Private investment during the year fell 50 per cent. below the figures of the previous year. The amount invested in building decreased from £P8,000,000 to £P4,500,000. The number of new companies registered fell from 294 to 168, and the capital of the new companies from £P2,375,000 to £P1,030,000.

Since the beginning of this year, however, there have been signs of recovery. Government estimates of revenue and expenditure for the current fiscal year show a Budget almost completely balanced. The estimated revenue is £P5,014,000, nearly £P400,000 more than the actual revenue of last year; and the estimated expenditure is £P5,077,000, some £P1,000,000 below the actual expenditure of last year. The estimated revenue from Customs duties, licences and taxes, and, indeed, from almost every other item, is greater than that realised in the preceding year; and there is a diminution in the estimated cost of defence of nearly £P1,000,000. The expenditure of the Department of Police and Prisons shows a significantly large rise.

The projected Government Loan of £P2,000,000, additional to the existing loan of £P4,500,000, has still to be issued. The administration has already spent nearly £P1,200,000 on capital works, on account of the loan, and the programme for the current fiscal year includes items which will bring capital expenditure up to nearly £P1,500,000. Whether the British Treasury will be willing, in the present uncertainty about the future of Palestine, to guarantee the loan for which the authority of Parliament was obtained years ago remains to be seen. In the meantime the money for capital expenditure is provided from the surplus balances of the Government.

Recovery in Foreign Trade

The improvement in foreign trade during the first half of 1937, compared with the corresponding period of 1936, was appreciable and encouraging. The value of imports amounted to over £P8,000,000, which represents an increase of more than 20 per cent. compared with the 1936 figure, and is only 5 per cent. below the 1935 peak. A striking feature is the increased import from Germany, which for the first time exceeds imports from the United Kingdom. Germany exported merchandise to Palestine to the value of £P1,300,000, or 16 per cent. of the total; while the United Kingdom took second place with 15 per cent. of the total, compared with nearly 20 per cent. last year. The special transfer arrangement, by which German Jewish emigrants can bring out a small part of their capital through the proceeds of the sale of German exports to Palestine, is the cause of the increased entry of German goods.

The increase in the value of exports during the period is even more striking. The total value was over £P3,750,000, some 65 per cent. more than during the first half of 1936, and 16 per cent. more than in the first half-year of 1935. The main part of the increase was due to a much larger shipment of citrus fruit during the earlier part of the year. The fruit was not marketed very profitably. It is perhaps more encouraging that, during the later months of the period, when the export of citrus ceased, the figures continued to show a steady rise. The local industries and the mineral products of the Dead Sea are steadily becoming of increased importance to the balance of Palestine trade. Exports to the United Kingdom amounted to nearly 60 per cent. of the whole, and were in value nearly double those of 1936.

Another interesting sign of recovery is the continued steadiness and stability of credit enterprises in Palestine. The investment of fresh capital in the form of new companies has likewise approached the figures in the year before the outbreak. It would be optimistic to infer that all is well in the economic life of Palestine, and that the setback of 1936 has been entirely wiped out. The rigid restrictions on immigration, which are likely to bring down the figure for 1937 to half the figure for 1936, and one-quarter of the figure for 1935, are a great handicap. Renewed unrest, and still more uncertainty about the future of Palestine, stand in the way of a return of general confidence.

Letters to the Editor

Anglo-American Trade

TO THE EDITOR OF THE ECONOMIST

SIR,—I have just read with great interest the article in your issue of October 9th on Anglo-American Trade Discussions, and am glad that you point out that it would be unwise to expect too much of a treaty if and when it were concluded. This should certainly have the effect of checking the uninformed enthusiasm which has pervaded certain quarters.

At the same time, I am a little surprised at the somewhat severe criticism of the Ottawa duties, because after all, it is not unreasonable that members of the same family should take steps to conduct their transactions with one another. But what surprises me still more is that you should exaggerate the alleged grievances of the United States of America as to the extent to which trade has in fact been transferred.

For example, you say that the Agreements have dealt hardly with certain American agricultural products, amongst them pig products. According to the table which you publish on page 59, imports of bacon into the United Kingdom from the United States of America fell by 90 per cent. between 1929 and 1932, that is to say, by 90 per cent. before the Ottawa Agreements could possibly have produced any result. In respect of hams, again the greater part of the fall took place prior to the Ottawa Agreements. In the case of wheat 80 per cent. of the fall took place before the Ottawa Agreements operated, and 50 per cent. of the decrease in respect of soft woods. A study of the trade statistics also reveals the interesting fact that in respect of a number of commodities such as wheat, barley, maize and raw cotton, the displacement of U.S.A. products in this country has not been so much by Empire products as by the products of other foreign countries.

Yours faithfully,

Victoria Street, S.W.1.

HERBERT G. WILLIAMS.

[Nobody contends that the Ottawa duties produced the decline in international trade before 1932. But they have impeded the natural recovery in trade between the United Kingdom and the United States which might otherwise have been expected to occur. They are, therefore, one of the chief reasons why our imports of American commodities make a poorer comparison with 1929 than our imports from the Dominions. We are surprised that Mr Williams should question that the Ottawa duties have diverted trade from the United States to the Dominions. That was part of their purpose, and since the protectionist party never tires of proclaiming their success, that must be assumed to have been their effect.—ED., *Econ.*]

Cotton Reorganisation

TO THE EDITOR OF THE ECONOMIST

SIR,—All who are engaged in, or concerned for the welfare of, the Lancashire cotton industry must have appreciated your friendly comments on the reorganisation proposals now before the industry. Many of us, as life-long Liberals, share your regret that such schemes should be necessary, but would echo your conclusion that, "in one trade after another, the logic of events is compelling the abandonment of unrestricted free competition." You rightly point to the equal danger that lies in private monopoly. "Unrestricted free competition" has cost Lancashire many millions of pounds, and an even more serious social and moral loss over the last fifteen years.

Lancashire can safely afford to accept a limitation of the "enlargement of profits," and although the public is not represented in the day-to-day management and control of other industries which have never approached Lancashire's achievement of supplying 98 per cent. of its home market without the aid of a tariff, by all means let the public be associated, as you suggest, with the management and control of the cotton industry. But I fail to see why the cotton industry's scheme which, even without these provisions, you are willing to regard as innocuous, and possibly beneficial, should be held up because it might be a bad precedent for other industries where the same safeguards were not present. A precedent, after all, comes at the head, not at the tail of a procession.

Yours faithfully,

Burnley.

JOHN H. GREY.

"The Under-Privileged"

TO THE EDITOR OF THE ECONOMIST

SIR,—Mr. Brayne replies to my letter with two statements which I deny. "If money wages rise, prices tend to rise further." This statement can be neither proved nor disproved in a short letter. "You cannot produce social justice by tinkering with the medium of exchange." Mr. Brayne means, I think, that real wages cannot be raised by controlling the volume of money in such a way as to maintain a constant price-level as production increases. This statement also is not true, but cannot be briefly refuted.

I agree, however, with his third paragraph. Until wages are high enough for the wage-earners to insure themselves, it is for the community to see that the worker does not suffer from circumstances not under his control, and our community has already begun to do so. In his last paragraph Mr. Brayne surely overlooks the fact that the payment of dividends will cease when the means of production are worn out, unless money has been set aside for renewal instead of being distributed in dividends. If it has, dividends will be smaller, but will continue longer, and in many cases, no doubt, beyond the lifetime of the shareholder.

But the standard rate of dividend may be gradually reduced in another way, if production of things consumed by the people continues to increase without check, as it should do with peace and proper management of money. The workers may claim and secure an ever-increasing proportion of the earnings of industry, leaving an ever-declining proportion, though not necessarily a smaller amount absolutely, to the shareholders.

It is a mistake, I think, to suppose that investors generally will spend their capital on consumables if they get only a small return on it. What they want is security, and a smaller return will make many of them, at least, save not less, but more. And every penny saved by an individual benefits the rest of the community, if money is properly controlled, even though the saving may have the effect in itself of reducing the volume of money and therefore the amount exchanged for things; for in that case it enables more money to be created, without a rise of prices, for State expenditure, which must be presumed to be for the benefit of the people.

Yours faithfully,

2B, Belsize Lane, N.W.3.

R. GRANT BROWN.

POINTS FROM LETTERS

Empire Exhibition at Glasgow.—Our annual sales of goods to Empire countries have risen by over £50,000,000 in the last five years. The time is just ripe for that visual exposition of what we and our fellow-countrymen overseas can do which is to be staged at Glasgow. The great majority of our import trade is done through London and Liverpool, and a very small proportion enters this country through Glasgow and our other ports. The Empire Exhibition should increase our trade with Empire countries, and may have the effect of directing some of that increase to the port of Glasgow itself. I would, therefore, suggest that a series of Empire exhibitions might well be held in various centres throughout the country over a number of years. There is a great deal of trade now done with foreign countries which might well be transferred to Empire countries.—*Sir Patrick Hannon, M.P., House of Commons.*

Violence in Palestine.—In the article about Palestine in your current issue, it is postulated that the Jewish State in Palestine will have to be defended by British bayonets unless it reaches agreement with an Arab State in its hinterland. But the hinterland State (presumably Transjordan), for obvious reasons, will itself be in a state of dependence much longer than the contemplated Jewish State. The future stability of these Arab States may depend largely on the degree and rapidity of development of the Jewish State. Clearly, it will be necessary to enlarge the area of the proposed Jewish State to enable it to absorb comfortably a minimum of 2,000,000 Jews within a comparatively short period.—*James A. Malcolm, Kensington, W.8.*

Books and Publications

The Third Reich

DR ROBERTS is a professor of modern history who was granted eighteen months' study-leave by the University of Sydney to examine the character of the new German State. Already he knew and liked the country and its people; and he came to its problems with a tolerance limited by the integrity of his academic purpose and by his own faith in liberal democracy. He was given every facility for his researches by the German authorities. The result is this full, lively, shrewd and very readable book.*

Fortunately, Dr Roberts has not felt himself obliged to offer an "interpretation" of what has happened in Germany. This book is neither a doctrinaire thesis nor a treatise in the psychology of great men. The theme is exciting, and he does it justice; but there is no gratuitous attempt to be sensational. The object of the book is simply to describe: the men who made the movement which created the State, including Heinrich Himmler of the Black Guards, whom Dr Roberts believes may succeed Adolf Hitler; their creeds and philosophies; the course of their political victory and the details of the changes which they have effected in government; the economics of dictatorship and re-armament; the achievements of the Third Reich; and its obvious failures. Dr Roberts paints a full canvas. His brush is not consistently apt: he confuses mere enumeration with information in his account of the National Socialist Party and the Civil Service, which still leaves the system of administration a little obscure; and his very readable analysis of Dr Schacht's policy in trade and finance is sometimes more ingenious than illuminating—though, in general, this section is a most valuable summary of the consequences of *autarky* in economic policy, industry, agriculture and politics.

In the end there is practically nothing the author has left untold: the use of culture, education, law and the radio to create a common mentality, and the barrier of the Churches; the many foreign policies in ruling circles and their implications for the world outside; the problems of the "lost" 15 million Germans and the "stolen" colonies; the danger zones of Austria and Czechoslovakia; the "Bolshevik dagger" and the Baltic "pressure points." In the chapters on labour, the book is disappointing. The fervour of Nazi youth, and the regime's strenuous and calculated programme to capture their loyalty, are vividly described. Yet we are not told what has happened to Social Democracy. Has it been swept entirely away? Or does it, with Communism, lie underground? Have Weimar and the great German working-class movement left no trace behind? And what is the influence of capital and the great industrialists?

Dr Roberts has not always been able to see beneath the surface, but on foreign policy he writes brilliantly; and nowhere is he more incisive and convincing than at the end, when, fresh from his survey of Europe in the

shadow of Hitler, he answers the question we are all asking: What will be the end of it all? Dr Roberts' answer is twofold: "The New Germany is becoming the Old Germany" . . . the Army is coming to rule; and, secondly, "the success or the failure of Hitlerism brings war in its train." "The nation may be reborn, it may be a new Germany, but unless it learns the habit of political and economic collaboration in international matters it is a nation confronted by ultimate ruin and disillusionment."

That is the burden of Dr Roberts's story: "A nation has been duped." The powerful appeal of many Nazi achievements cannot be denied. On many sides there are signs of a renaissance people; but the policy of their governors is one of erratic uncertainty, the programmes of their leaders are piecemeal and *ad hoc*, the spiritual basis of their creed is primitive and heathen, and the end of it all may be war. "A nation has been duped. . . . If only one of the boys I saw in the most impressive Hitler camps would have questioned the propagandist lectures to which they were listening, if only one of them had asked a penetrating question I would have felt more hope for the future of Germany."

Shorter Notice

"National Defence Contribution. Law and Practice." By Ronald Staples and Roy E. Bomeman. (London) Jordan. 124 pages. 7s. 6d.

N.D.C., second version, is "a simpler tax with a greater yield" according to the ex-Chancellor of the Exchequer. Its difficulties, however, are considerable, both in understanding and interpretation. The authors recognise the existence of many problems which, in the last resort, will fall for decision to the courts. But they have made a valuable contribution towards the solution of these problems. They examine the legal position closely, and add any number of practical examples—which go far to simplify the complexities abounding in this "simpler tax." Lawyers, accountants and business men will find the book of great value.

Books Received

The Problem of Peaceful Change in the Pacific Area. By H. F. Angus. (London) H. Milford. 193 pages. 6s. net.

Belief and Action: An Everyday Philosophy. By Viscount Samuel. (London) Cassell and Company, Ltd. 366 pages. 7s. 6d. net.

New Fields for Industry: Opportunities in the Special Areas. (London) Commissioner for Special Areas. Broadway Buildings, Westminster, S.W.1. 20 pages. No price stated.

The Finances of the City of Liverpool, 1936-37. (Liverpool) The City Treasurer. 49 pages. No price stated.

City of Cardiff: Abstract of Accounts of the City Treasurer and Controller, Year ended March 31, 1937. (Cardiff) City Treasurer, City Hall. 199 pages. No price stated.

Queensland Year Book, 1937. (Brisbane) The Government Statistician. 302 pages. 2s.

La Collaboration des Etats-Unis avec la Société des Nations et l'Organisation Internationale du Travail des origines à 1936. By U. P. Hubbard. (Paris) Centre Européen de la Dotation Carnegie. 453 pages. No price stated.

"And Still They Come." Twenty-second Annual Report of St. Dunstan's for Year ended March 31, 1937. (London N.W.1) St. Dunstan's, Inner Circle, Regent's Park. 24 pages.

Official Publications

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

Department of Overseas Trade: Report on Economic and Commercial Conditions in Greece, April, 1937. 1s. 6d. net.

Report on Economic and Commercial Conditions in Egypt, in Roumania, May, 1937. 1s. net.

Report on Economic and Commercial Conditions in Belgium, June, 1937. 2s. net.

Bankruptcy, 1936. 54th General Annual Report by the Board of Trade. 9d. net.

MONEY AND BANKING

Are We Living on Capital?

SIR ROBERT KINDERSLEY has done much to further our knowledge of Britain's capital overseas and of the national balance of payments. Rarely, however, have his statistical disclosures come with greater force than those he gave last week at Leicester to the East Midland Savings Conference. He revealed, in effect, that to-day Great Britain is living on her capital. His main theme was the need for keeping intact our national savings in the form of overseas investment as an essential contribution to the country's re-armament effort. Re-armament, declared Sir Robert, was putting a great strain on the national balance of payments. Last year the adverse balance of merchandise trade was £347,800,000; in the first nine months of 1937 it amounted to £296,800,000, compared with £242,000,000 in the corresponding period of 1936. How has this vast trading debit been financed? Thanks to the "foresight, diligence and adventurous spirit of past generations," we receive an immense income from overseas investments, which in 1936 paid for over half the adverse balance of merchandise trade.

Our total investments abroad to-day amount to at least £3,764 millions, said Sir Robert, and in 1936 they yielded £184 millions in income. This was £34 millions more than in 1933, but only about four-fifths of the total in 1929. British investments are widely spread throughout the world, and the products of British companies abroad enter into the consumption of almost every country. Thus, despite the gradual upward trend in world trade, a restoration of investment income to its former level seems unlikely, unless some real progress is made towards the reduction of tariff barriers and other trade restrictions.

How was the rest of the gap made good? Sir Robert did not speak of the £95 millions of shipping income or the £30 millions of income from short-term investments, commissions and so on, included in the Board of Trade's balance-of-payments estimates for 1936. (The latter, incidentally, show a figure of £195 millions for *net* investment income, including the yield from "direct investments" and other forms of capital not covered by Sir Robert's inquiries, as well as the income of British companies brought home but not distributed.) But he did lay stress on one item which in the past was almost forgotten until his own researches gave it statistical shape—repayments and redemptions of existing capital. This factor has always been important. A study recently made by *The Economist* suggests that the average repayment ratio over a period of years may be approximately 1½ per cent. per annum. In addition, there are losses of capital through bankruptcies and defaults, which may account for another ½ per cent. This total wastage rate must be annually made good by new investments if our aggregate capital abroad is to be maintained unimpaired.

In 1932, for the first time since the war, subscriptions to new issues for overseas fell short, by £11 millions, of the total of repayments and redemptions, which in that year amounted to £48 millions. In 1933 and 1934, in spite of the restrictions on new issues, we kept on the right side of the book, though not by a large margin. In 1935, however—as Sir Robert Kindersley revealed for the first time in his address last week—while we lent £51 millions of new money, we received in the shape of repayments on outstanding capital no less than £81 millions. Thus, apart from losses, our total capital abroad was depleted by £30 millions. For 1936, the figures are even more striking. Repayments totalled no less than £107 millions, while new lending amounted to only £61 millions. Thus in two years the repatriation of capital formerly invested abroad provided £188 millions of credit gross, and £76 millions net, towards

the balancing of the debit of £609 millions on merchandise account. Our national capital overseas was apparently curtailed by that net sum.

Sir Robert rightly describes this as an unwholesome development; "for apart from permanently reducing our income from abroad it is apt to nurse us into a sense of financial security which is not justified." There are, however, certain considerations which soften the picture of national prodigality. In the first place, the figures of new issues on the London market need to be supplemented by those of various other forms of exported capital, notably the purchase of American securities. The figures published by the United States authorities show a net influx of \$484 millions of long-term capital from the United Kingdom in the course of 1935 and 1936. Sir Robert may be correct when he characterises this purchase as "purely speculative," but the fact remains that, in so far as the securities have been actually paid for, their acquisition represents an addition to our capital abroad, which yields income and can be realised, if need be, at a later date. The "adventurous spirit of past generations" may have been a "purely speculative" spirit in its time.

In the second place, as Sir Robert himself points out, "the remarkable jump in the volume of repayments during the last few years was due to a combination of circumstances which may not be repeated for many years." The strength of the gilt-edged market stimulated conversion and refunding operations by Dominion Governments which would normally have been spread over a long period. This tendency was also helped by the large volume of sterling balances held by Dominion Governments or central banks. No less than £75 millions of Dominion loans were repaid in 1936. In times of uneasy exchanges, strong demand for new capital at home, and scarcity of credit-worthy borrowers abroad, the stream of fresh overseas investment cannot be expected to rise and fall in exact correspondence with the forces that make for large or small redemption payments. Its more even course is not in itself discreditable or dangerous. Moreover, large sterling balances, from the Dominions' point of view, are a form of insurance cover against a sudden reduction of their credit balances of trade; while from our point of view they are a buffer against a sudden curtailment of British exports in order to correct such a reduction. It may be argued that, if they had been dissipated through increased Dominion imports, our merchandise balance would have looked better now, but would look much worse at some future date when our own means might be more straitened than they are to-day.

Nevertheless, the main lesson of Sir Robert Kindersley's figures is undoubtedly sound. Great Britain is in danger of eating into her financial patrimony by not keeping her total of overseas investment intact. The danger is the more serious because the conversion operations and the defaults of the past few years have inevitably lowered the average return on our investments abroad. Four millions less outgo for interest on the Australian Budget means four millions less income from investment on the British balance of payments. If our national income from investment were to fail, not merely should we have difficulty in pursuing re-armament without grave impairment of the standard of life; the whole structure of British trade and industry would be shaken. Dividends and interest on our capital abroad are a vital part of our national income; they are the fund that enables us to have both guns and butter. Personal and national economy now, pursued with the aim of keeping that fund unimpaired, will give us reason for thankfulness in years to come.

* "The House that Hitler Built." By Stephen H. Roberts. Methuen. 380 pages. 12s. 6d.

THE CORRECT ECONOMY FOR THE MACHINE AGE

3rd Edition. 368 pp. 6s. net

THE ECONOMIC REFORMS REQUIRED FOR LASTING PROSPERITY AND PEACE

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The index for determining the wages best for both labour and capital. "We can no longer afford to dismiss radical proposals with a shrug of our shoulders, still less this particular proposal."—THE BANKER. "The work of one who is Master of Machine Age Economics."—THE SPECTATOR. "Mr McGregor stands unique in his intellectual grasp of the problem."—JOHN A. HOBSON.

PITMAN, PARKER ST. KINGSWAY, LONDON, W.6.2

Financial Notes

The Outlook for the Franc.—Although francs tended to come on offer early this week, during the present month as a whole the franc has undoubtedly had a breathing-space, and the French authorities have been able to replenish their depleted reserves of foreign exchange. There has also been some repatriation of French capital, due, probably, as much to apprehensions of conditions abroad as to even partial restoration of confidence in French economic affairs. M. Chautemps, in a speech at Châteauroux last Sunday, declared that the Front Populaire must continue, and warned the Radical Party of the serious consequences that would follow its break-up. He was presumably concerned to forestall any attempt that might be made at the forthcoming Congress to create a breach in the Front Populaire. If, indeed, a breach were to occur the reaction on the franc would be complex. On the one hand, a Government move towards the Right might be welcomed by many French investors and might lead to an increased repatriation of French capital. But the political consequences of a break-up would be far reaching, both at home and abroad, and might well expose the franc to new—and even dangerous—cross currents. All this, however, looks unduly far ahead. Sufficient for the moment is the franc's recovery, which has lasted longer than any similar movement for some time past.

Wall Street Margins.—Among the many explanations which have been advanced for the present behaviour of Wall Street, prominence has been given to the narrowing effect on market activity of the Securities and Exchange Commission's regulations, Federal Reserve Board margin requirements, and taxation methods. This fact may not account for the violence of the month's depression, but it certainly tended to give undue influence to relatively unimportant political and business developments. The Administration in Washington has apparently come round to this opinion, for on Wednesday the Federal Reserve Board announced that as from November 1st the margin for the purchase of securities would be reduced to 40 per cent. from the present level of 55 per cent. which has been in force since February 1, 1936. This is not to be interpreted as a reversal of the official policy of damping down speculation, for it is also announced that a margin of 50 per cent. will be required on short sales. There has been no Government regulation on this point hitherto, but the New York Stock Exchange has itself required short sellers to put up a 10 per cent. margin. The double change is obviously designed to relax the restrictions on an upward market, and to tighten them in a falling market. The gambling desires of the penniless public will find less outlet in the Stock Market. But it is doubtful if the modified rules will prove sufficient to cure the market's present unease; nobody but the market itself may be able to do that.

The Foreign Exchanges.—The change in the political atmosphere over the week-end was immediately reflected in the franc, which, from an opening rate of Frs. 146½, was forced sharply down to Frs. 147½. The closing rate was slightly better, but on Tuesday the adverse pressure was accentuated and the day's depreciation amounted to one franc. Forward rates moved in unison, the three months' discount finishing up at Frs. 6½. The French Control offered little resistance to this movement, intervening occasionally only to prevent too rapid a fall. On Wednesday, however, a masterly bear squeeze was engineered by the authorities, and by heavy purchases the rate improved to Frs. 148. This recovery completely changed the temper of the market, and on Thursday francs were bid throughout, finishing up at Frs. 147½. During this phase, the French Control was able to acquire foreign exchange through sales of francs.

The future is still obscure, but the franc's display of strength has been most heartening. Belgas have been sold heavily following the Cabinet's resignation, and a good deal of gold has gone to Switzerland. On Wednesday and Thursday there were large sales of dollars against purchases of gold, again on Swiss account apparently, and the rate fell to \$4.95½ on Thursday. Generally speaking, the lack of confidence in currencies which this gold hoarding betrays is wholly unjustified, but rumours of impending devaluation of the dollar continue unaccountably to emanate from unknown sources. Needless to say these have no foundation. On the contrary there has been some evidence that during the uncertainties of the past two months, the pound-dollar exchange rate has been held at about \$4.95 in order to provide some basis for the franc and other currencies.

The Bank Return.—The only movement of significance in this week's Bank return is a reduction of £1.2 millions in the active note circulation. With the end of the month approaching, it was expected that this week there would be an increase as in the corresponding week of last year, when the circulation rose by £2.6 millions. Evidently the dishoarding of notes on Continental account has been an active factor over the past week, and will probably continue to be so for some time.

		BANK OF ENGLAND			
		Oct. 28, 1936	Oct. 6, 1937	Oct. 13, 1937	Oct. 20, 1937
Issue Department:—		£ mill.	£ mill.	£ mill.	£ mill.
Gold		248.7	328.4	326.4	328.4
Note circulation		442.7	491.8	489.9	484.3
Banking Department:—		1936	1937	1937	1937
Reserve		66.9	36.3	38.3	43.7
Public deposits		27.6	18.0	28.1	29.8
Bankers' deposits		86.5	102.1	92.9	89.3
Other deposits		41.4	36.8	36.4	36.3
Government securities		80.2	106.5	105.1	99.6
Discounts and advances		6.6	10.8	9.2	6.5
Other securities		19.5	20.9	20.4	23.2
Proportion		43.0%	23.1%	24.6%	28.1%

The only other change is a small one between bankers' and public deposits. As in the previous two weeks this has been due to the excess of Treasury Bill payments over maturities, which is causing a temporary disequilibrium. Next week, dividend payments on certain Government stocks are due to release about £11.0 millions in cash. Public deposits should therefore be reduced to a more normal size, with a consequent replenishment of bankers' deposits.

The Money Market.—Once again there is no change to report in the money market. The clearing banks have been fairly keen buyers of bills at the usual minimum, and have been taking mixed parcels of December and January maturities. The market, however, is not keen to part with the few bills it has, being still at starvation level:—

	Oct. 7, 1937	Oct. 14, 1937	Oct. 20, 1937	Oct. 28, 1937
Bank rate	2%	2%	2%	2%
Clearing banks' deposit rate	1½	1½	1½	1½
Short loan rate:—				
Clearing banks	1½	1½	1½	1½
Others	1½	1½	1½	1½
Discount rates:—				
Treasury bills	1½	1½	1½	1½
Three months' bank bills	1½	1½	1½	1½

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

Discount rates are unchanged. A poor afternoon demand for money is reported by the clearing banks, but nothing out of the ordinary. This continued ease may appear strange in face of the drop of nearly £15 millions in bankers' deposits during the past three weeks. The truth is that even at its present level bank cash is fully adequate for market requirements.

THE STOCK EXCHANGE

London Transport Finance

THREE weeks ago the London Passenger Transport Board gladdened its depressed "C" stockholders by announcing a total dividend of 4½ per cent. for the year to June 30, 1937—the fourth of the Board's operations—against 4 per cent. for the preceding year. A long series of cheerless traffic returns and the reiterated complaints by the Board's officers against the burden of rising costs had dashed all market hopes of an increased distribution.

The Board's report, issued this week, is as well produced and socially interesting as its forerunners. It is, indeed, a model among annual reports in every sense but one; for it is presented to the Minister of Transport, and stockholders must pay 1s. for official news of their investment. This seems regrettable, since its financial schedules are as revealing to the "C" stockholder as its text, illustrations and charts are interesting to the intelligent Londoner. The report, in fact, suggests the need for a revised view of the Board's financial potentialities.

Investors, of course, have treated the past year as exceptional owing to the Central 'bus strike, and they have been right—within limits. At the beginning of the strike we stressed the importance of the pooling arrangement in the London Transport area, and made certain estimates which showed, paradoxically, that the Board might even make a "profit" from the strike. Broadly, this suggestion has proved to be accurate. For the fifty-two weeks to June 26th last the Board's own receipts, before pooling, showed an increase of £255,100. But for the year to June 30th the total pool receipts increased by £771,590, while the Board's passenger receipts, after pooling, increased by £544,282. London Transport, in short, has obtained the benefit of approximately 62 per cent. of the increase in the area traffics of the main-line railway companies, and has passed on to them nearly 38 per cent. of the adverse effects of the 'bus strike.

This point is not only essential to an understanding of the Board's relatively favourable experience in a year of operating difficulty; it has consequences of long-term importance to which we shall revert later. We may, however, proceed first to analyse the main heads of revenue and expenditure during the four years of the Board's operation:—

	YEARS TO JUNE 30TH			
	1934	1935	1936	1937
Revenue:—				
Total traffic receipts	27,379,351	29,016,085	29,724,723	30,247,378
Working and general exes.	21,583,744	22,515,889	23,515,821	23,917,085
Renewals	2,020,500	2,526,000	2,300,000	2,400,000
Net traffic receipts	3,775,107	3,974,196	3,908,902	3,930,293
Other receipts	1,520,408	1,500,014	1,563,214	1,623,539
Miscellaneous charges	Dr. 338,824	Dr. 347,939	Dr. 298,077	Dr. 293,779
"C" Stock interest fund	...	...	28,632	30,843
Available for appropriation	4,956,691	5,126,271	5,202,671	5,290,896
Appropriation:—				
Tramway debt fund and interest	35,895	26,158	20,337	16,339
"A" stock interest	2,891,537†	2,893,169	2,894,955	2,894,955
"B" stock interest	1,181,694†	1,183,506	1,185,492	1,185,492
"C" stock interest	874,664†	1,015,192	1,027,952	1,092,199
Ditto rate %	3½	4	4	4½
Payments under guarantee interest to London Electric Transport Finance Corp.	21,275	8,246	8,246	1,731
"C" stock interest fund	...	...	35,050	212,646†
Transport Finance Corp.	...	...	30,639	28,061
Total appropriation	4,956,691	5,126,271	5,202,671	5,290,896

Note.—The figures for the first two years are not strictly comparable with those of succeeding years.
† Less £48,374 charged to capital cost of new works. † Less £140,527 charged to capital.

The total sum available for appropriation has been increased, in the past year, from £5,202,671 to £5,290,896—an improvement broadly comparable with that of the preceding year. For the "C" stockholder,

importance attaches to each stage by which this result is reached. First, the total traffic receipts—including certain relatively small amounts for goods and miscellaneous receipts—have increased by £522,655, as a result of pooling. The second main item, working and general expenses, shows an increase of just over £400,000, to £23,917,085. But when detailed analysis of this total is made, the result is certainly not unsatisfactory in a year of rising costs and disrupted services. The adjustment of staff conditions, accruing from the previous year, was estimated to cost £155,000 annually, and revisions during the past year will further require £188,000. The strike, it is true, "saved" £215,343 in busmen's wages, and the Board covered a major part of 'bus overhead expenses by allowances from the pool. But wages charged to running expenses on the other three sections of the undertaking absorbed three-quarters of the amount which the busmen lost. The rise in working expenses of trolley 'buses is £80,000 greater than the fall in the operating costs of trams; but this is justified by the already satisfactory results of trolley 'bus operation. The Board's operating expenses under all headings, indeed, are responsible for only £179,653 of the total increase in expenditure. The main culprit is general expenditure, where an increase of £221,611 is chiefly attributable to increased provision for rates, to cover any conceivable increase of liability arising from the new rating valuation now in progress.

It is fair to say, therefore, that an appreciable part of the extra cost of operating in 1936-37 lies outside the Board's direct control. The detailed schedules of working expenses show, further, that the Board's high standard of maintenance has been in no way relaxed. Somewhat to the general surprise, provision for renewal has been increased from £2,300,000 to £2,400,000. Moreover, during the past year net allocations to maintenance reserve totalled £98,262 (split up among the operating costs of each section of the undertaking) against a net credit of £2,255 brought in from maintenance reserve in the preceding year. Thus, £100,000 of the increase in expenses bears no strict relation to traffic operation during the year, but is intended rather to smooth out exceptional maintenance burdens.

The relationship between maintenance and renewal policy is set out in our next table:—

	Buses and Coaches		Trams		Trolley Buses		Total
	£	£	£	£	£	£	
Renewal Provision:—							
1933-34	763,796	823,028	418,144	15,532	2,020,500		
1934-35	843,727	1,054,883	507,732	19,858	2,526,000		
1935-36	865,668	934,858	442,812	56,662	2,300,000		
1936-37	859,636	997,818	393,309	149,237	2,400,000		
Total Provision, 4 years	3,432,827	3,810,587	1,761,997	241,089	9,246,500		
Balance of Reserve at June 30, 1937							8,302,780
Total Capital Expenditure at June 30, 1937	76,850,280	11,235,864	8,521,363	2,780,737	99,388,244		
Rolling Stock Maintenance:—							
1933-34	429,832	1,537,550	668,467	17,482	2,653,331		
1934-35	445,345	1,568,472	639,658	22,623	2,676,098		
1935-36	430,547	1,720,554	652,685	35,001	2,838,787		
1936-37	467,105	1,831,272	519,869	90,427	2,908,673		
Total, 4 years	1,772,829	6,657,848	2,480,679	165,533	11,076,889		
Capital Expenditure on Rolling Stock Assets	8,250,575	8,088,148	1,875,567	1,457,758	19,672,048		

This elaborate analysis has direct relevance for the "C" stockholder. It shows, first, the provision which is being set aside towards the eventual replacement of the Board's assets as their working life expires. How far is £2,400,000 an appropriate amount for this purpose? The Board still has a legacy of replacements bequeathed by the conditions of its inception. It has brought its 'bus fleet up to date, but it has now to

replace 400 railway vehicles. If maintenance allowances are required merely to keep vehicles in efficient working order and renewal allocations to replace them, then the appropriations of the past year would correspond with the following average working lives:—

	Years	Years
Railway Rolling Stock	9.6	Trams 4.8
Buses and Coaches	8.1	Trolley Buses 9.8

Renewal provisions, of course, cover more than rolling stock, but the Board has hitherto discussed renewals policy solely in this context. The figures do not seem inconsistent with the suggestion that the relationship between renewals and maintenance is designed to reinforce prudence by conservatism.

What, then, is the outlook for the "C" stockholder? His net traffic receipts were £22,000 higher last year, while his other receipts increased from £1,563,214 to £1,623,539. The "C" stock is a marginal stock, and for its own marginal dividends it feeds on the financial *animalculæ* which swim into the Board's net. Net income from advertising and rents and the Treasury grant more than provide the whole of last year's 4½ per cent. dividend, yet they are not directly related to the Board's operating position.

For the current year, the Board must pay 5½ per cent.—the standard dividend—or suffer the risk of an application to the Courts by 5 per cent. or more of the "C" stockholders for the appointment of a receiver. To avoid this, the Board must increase its available revenue by £321,000 during the current year. We should hazard a shrewd guess that the money will be found; but whence will it come? The working of the pool suggests one contributory source. The Board has considerable unfructified capital of its own, which should earn a satisfactory revenue in future years. It also has a 62 per cent. equity in the London area main line net receipts—to which the Southern Railway's contribution, in particular, is substantial and expanding. This is a factor whose importance "C" stockholders may not, perhaps, have wholly realised in the past. It clearly means more to them than the week-to-week variations in the Board's own unpooled traffics.

In the second place, if our interpretation of the Board's operating figures is correct, some part at least of any shortfall might be made up by relatively small adjustments of the provision either for working expenses or renewals. In the last resort, the Board might draw attention to a mutual conflict of aims within the very first section of the 1933 Act, by which it is charged to provide "most efficiently and conveniently" for the transport needs of its area, and on the other hand "to conduct the undertaking in such a manner . . . as to secure that revenues shall be sufficient to defray all charges required" by the Act. To disclose publicly that a smaller renewals provision had been necessitated by the triennial right of the "C" stockholder to his standard dividend would seem to admit at least a partial failure to provide for the public need. Meanwhile, costs are still tending to rise, though not to a degree which can successfully be passed on to the public. Finally, as the Board's excellent discussion of changing London shows, London Transport serves an area in which depression, if it came, would in all probability, and by all precedent, be shallow rather than profound.

Judged by the latest report, in short, the future for the "C" stockholder seems more promising than it did six months ago. In the short run, the London area pool tends to keep revenues relatively stable in face of trouble. On the longer view there are factors applying to the Board (and, in parenthesis, the Southern Railway) which promise a steady, though not a spectacular, expansion of future revenue. It has been conventionally assumed that the "C" stock is a 4 per cent. equity with a 1½ per cent. bonus every third year. Perhaps, in the light of the current report, this notional valuation might be raised to at least 4½ per cent. for the two years when the Board rather than the Act determines the dividend. And there may be a case for expecting the margin between "equity" and "standard" dividends gradually to close. That, in brief, is the argument for retaining the stock at 79, and even for expecting an eventual appreciation of the price.

Investment and Company Notes

Time for Reflection.—Though Wall Street has this week given no immediate intimation of recovery, its movements have been far less erratic and have broken no new "lows." London, consequently, has had an opportunity to reflect on matters present and to come. In spite of the heavy fall in prices, it would be an exaggeration to say that all investors accept an extensive trade recession as imminent and inevitable. But that is not to say that nothing now stands in the way of a sharp recovery. The market agrees that a present purchase of sound ordinary stocks may be advantageous in the long run, but shows no disposition to buy them. Meanwhile, the King's Speech, this week, has come as a reminder that State encroachment on the former preserves of private enterprise is increasing, and that, whenever it occurs, it is likely to result in limitation of the capitalist's return. The legislature's attack on the share-pusher will cause no tears, particularly as prison conditions are, apparently, to be simultaneously improved. The absence of any mention of a Unit Trusts Bill, however, raises the question whether the Board of Trade has accepted the movement's tidying-up of its own house, and its admittedly reassuring experience, so far in adversity, as evidence that external control is unnecessary. Incidentally, it may be hoped that the Share Pushing Bill will include some provision against unsound property societies. The investor, however, is most concerned with the most controversial of the Government's new measures. Holders of coal shares will benefit in proportion to the reasonableness of the terms for buying out the royalty owners, and the strictness (if any) of the Government's determination to enforce amalgamations on the industry for its own good. Whatever form of reorganisation is adopted in the electric supply industry, however, it seems likely to impose a limit on the profits of many companies. Here, the investor must bow to the public interest.

Capital Market Prospects.—An inevitable consequence of the weakness of the Stock Exchange has been a recent dearth of new prospectuses. Companies which have issued new securities to their existing proprietors have generally secured a satisfactory response, but the course of corporation borrowing has not been smooth and the flow of new issues has ceased. Meanwhile, the speculative type of new industrial offer is in eclipse, as the following table suggests:—

RECENT NEW ISSUES					
Week Ended	Issuer	Shares or Stock	Issue Price	Result	Present Price
Sept. 4	Broken Hill Proprietary†	1,740,123	30/-	...	2½-3
" 18	Rietfontein Consolidated†	1,122,242	15/7½	...	16/3
" 18	Vlakfontein Gold §	5/- ord.	35/-	...	14-15
" 25	Grootvlei Proprietary Mines§	619,310	85/-	...	44-45
Oct. 2	British Aluminium†	10/- ord.	42/6	92% subscribed	21-22
" 2	Masters Trading Co. *	1,000,000	4/-	Lists closed at 9.5 a.m.	12-13
" 9	Herts County*	£1000,000	101	Lists closed at 9.5 a.m.	12-13
" 9	Pressed Steel†	552,548	£1	Heavily over-subscribed	18-19pm
" 9	Initial Services §	5/- ord.	25/6	Underwriters take 10-11%	25/- - 26/-
" 16	Sheffield Corporation*	(bonus issue) £2,500,000	101	Underwriters take 90% of issue	16-17 dis
" 23	Western Holdings†	2,275,000	par	...	4/6-5/-
" 23	Standard Motor†	5/- ord.	12/6	...	5½-5½
" 23	Midland Bank†	820,000	£2	...	85/6-87/-
" 23	Joshua Bigwood*	712,400	par	Lists closed 9.5 a.m.	4/3-4/9
" 30	" " *	136,000 6% cum. 10/ pref.	5/6	Lists closed 9.5 a.m.	9/9-10/-
" 30	Prices Tailors Properties†	325,700	par	...	...
" 30	" " *	4/- ord.	97½	...	...
" 30	" " *	150,000 4½% cum. pref. £1	...	...	...
" 30	" " *	400,000 4% deb.	...	...	...

* Public offer. † Shareholders only. ‡ Stock Exchange introduction. § Permission to deal. || Acquired by the British Shareholders Trust.

The check to the more speculative offer is salutary. The persistence of issuing houses under conditions remarkably like these, in 1929, involved the market in some of the worst scandals of under-subscription and weak underwriting. The suspension of borrowing by corporations and public authorities, however, is a different matter. It is increasingly difficult to see what end is served by an official policy which insists on squeezing the last half-point out of gilt-edged borrowers and, after each subscribers' strike, closes the market until the accumulation of investment resources makes extortion again temporarily feasible. If credit-worthy borrowers cannot and the rest dare not borrow, the capital market is likely to remain in a state of suspended animation.

A British Columbian Precedent?—The City of Victoria (British Columbia) has worked out a scheme which affords an excellent example to other equally distressed but more impatient authorities in Canada. Some time ago a representative Debenture Holders Committee was formed, and its plan envisages the acceptance by all Victoria's debenture and stockholders of Refunding Debentures, which will mature in 1966 and will have the same face value as the securities they replace. They will bear the same rates of interest as the old debentures until the date when the latter would have matured; thereafter they will bear interest at 4½ per cent. The plan makes provision for a new sinking fund, and economies will be made in the City's administration. It will be seen that the Plan varies not the *present* but the *future* rights of holders. In the ordinary way, as each security matured, holders would have had the option to take cash or to convert into a new security based on interest rates, etc., ruling at the time. Instead, they are asked to agree, in advance, to convert at 4½ per cent. Obviously, this is a proposal whose acceptance could never be urged on general principles, but may be a far-sighted act of clemency in Victoria's special case. To disclaim it as a precedent, however, seems very necessary. There are many companies and authorities, of unquestioned financial strength, whose obligations mature in some years' time, when interest rates will not necessarily be what they are now. Doubtless they would welcome an opportunity to convert in advance; but there could be little attraction for investors in a heads-I-win-tails-you-lose transaction.

Property Society Failures.—Within the past fortnight, two property societies have been put into liquidation and a receiver has been appointed for a third. This is sufficient evidence of the dangers to which the small investor can be exposed under the Industrial and Provident Societies Acts, although they were designed for his protection. Societies registered under these regulations are able to offer securities to the public without observing the requirements to supply accurate and adequate information which attach by law to an ordinary prospectus. And the grossly misleading forms of advertisement employed by certain property societies has been doubly reprehensible where they have pursued wholly unsound trading methods. Naturally, there are exceptions; but the extent of the evil is indicated by the fact that, of thirty applications for membership of the Association of Property Societies, only eight were found acceptable. The rank over-trading which characterises so many property societies is sharply illustrated by the records of the three recent failures. The General Mortgage Society was formed in September, 1931, with a share capital of £104. As late as December 31, 1935, it had done no business whatever, and its statutory

return then included this pitiable travesty of a balance sheet:—

Sheet :—

		December 31, 1935				
		£	s.	d.		
Share capital	129	0	0	Preliminary expenses	23	5 6
Audit fees paid by a director	6	6	0	Furniture	6	0 0
Printing	25	0	6	Balance of loss	131	1 0
	160	6	6		160	6 6

During 1936 certain changes took place on the board and the society's operations were so transformed that only twelve months later its balance sheet included the following principal items:—

December 31, 1936			
	£	£	
Share capital	1,004	Freehold properties	42,584
Mortgages and bonds	216,616	Leasehold properties	253,958
Other secured loans	75,215	Debtenture issue expenses ..	9,275
		Cash	6,044

A change of management and the subscription of an additional £875 of share capital thus enabled the society to acquire in one year properties valued at nearly £300,000. Mushroom growth on only slightly less stupendous scale is shown by the other two casualties:—

LONDON AND PROVINCIAL PROPERTY SOCIETY							
		Dec. 31, 1935	Jan. 31, 1937			Dec. 31, 1935	Jan. 31, 1937
Share capital	2,425	2,733		Land and buildings	52,402	190,322	
Mortgages and bonds	52,200	166,303		Deposits, etc. on properties in course of acquisition	2,574	11,237	
5½ per cent. income bonds		34,420					

CITY HOUSING TRUST							
		Dec. 31, 1934	Dec. 31, 1936			Dec. 31, 1934	Dec. 31, 1936
Share capital	12,387	15,273		Land and buildings	32,952	168,205	
Mortgages and interest	64,411	93,173		Cash	37,320	29,747	
Loans and interest		83,860					
Management expenses	789	5,474					

A disquieting feature of the history of some societies is the exploitation of "names" as an attraction for the small man's savings. After the exposure of the high risks of failure, it will be hoped that this least desirable precedent of the 1928-29 new issue boom will be dropped. It will also be hoped that legislation to stop share-pushing will cover the present abuses of the Industrial and Provident Societies Acts.



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B.A. Western Report.—There is much similarity between the B.A. Western and B.A. Great Southern reports. Both railways have achieved a significant increase in gross receipts with a comparatively small addition to working costs. And both have provided sums for renewals out of net revenue which would have been more than sufficient to cover full payments on their second preference stocks. The B.A. Western gross receipts are 6·7 per cent. higher, but working expenses show an advance of only 1·7 per cent. Operating profit thus increased from £581,053 to £763,647, but exchange differences for the latest year absorb £299,488—an increase of £25,000—while miscellaneous receipts from rentals, dividends, and interest have fallen by £48,000. For the latest year, moreover, £49,072 has been provided for renewals from revenue, whereas for 1935-36 net expenditure (not provided from revenue) amounted to £106,407. The improvement in distributable profits is set out below:—

	Years ended June 30		
	1935	1936	1937
Operating receipts	3,513,204	3,502,899	3,735,632
Operating expenses	2,948,921	2,921,846	2,971,985
Operating profit	564,283	581,053	763,647
Exchange differences (loss)	310,544	273,755	299,488
Rentals, divs., etc. received	<i>Cr. 246,749</i>	<i>Cr. 261,542</i>	<i>Cr. 213,775</i>
Working agreement pay- ments	70,027	77,320	70,401
Renewals from revenue ...	Nil	Nil	49,072
Debenture interest	470,774	457,774	457,774

Earned for dividends	<i>Dy. 40,313</i>	18,295*	100,687
Preference dividends	72,428†	40,523†	104,332†
Carry-forward	55,433	33,205	29,561

† In each year, payment on 5 per cent. preference stock in full; on $4\frac{1}{2}$ per cent. preference stock, $2\frac{1}{2}$ per cent. in 1934-35, 1 per cent. in 1935-36, and $3\frac{1}{2}$ per cent. in 1936-37.

The Director-General's report stresses the economies of co-operation with the B.A. Great Southern management. Competition from the provincial railway and from road transport continues, but stockholders will welcome the indications that traffic is being regained from the roads. Prospects for the company's principal traffics—maize and wheat—are satisfactory in the eastern province, although the final result of the harvest will not be known for several months.

Railways in Argentina.—At the B.A. Great Southern meeting this week, Sir Follett Holt gave an encouraging account which, owing to the close connections of the two companies, will not be ignored by Western stockholders. He declared that an increase of 7·4 per cent. in the former company's gross peso receipts would cover all prior charges, while a further 5 per cent. would provide 1 per cent. for the ordinary stock. This calculation was based on the maintenance of the existing exchange position. The fact that the Government had obtained \$325 millions profit from exchange control up to the end of 1936 (of which \$70 millions was derived from purchases by the railways) suggests clear justification for improving the exchange facilities granted to British enterprises, for which Viscount St. Davids also pleaded at the B.A. and Pacific meeting on Thursday. A sovereign government is alone responsible for its currency, and is not responsible for heavy book-keeping losses if foreign companies keep their accounts on a parity basis. But the Argentine Government, bound by the trade agreement, is in effect imposing a revenue tariff on "imports" of railway goods and services if it maintains a controlled peso rate below its natural value. Stockholders will hope that, with the elections past and a vastly improved trade position, the Argentine Government will reconsider its exchange policy.

United States Steel Dividend.—On the eve of the United States Steel dividend announcement, operators were estimating, not the sum itself, but the potential market effect of different sums. It was generally agreed that a \$2 dividend would represent a bull point, while

payments below this level would reflect directly the directors' view of the outlook. The first common payment since 1932 is, in fact, \$1 per share—better indeed than nothing, but well below the best estimates. The market's response has been sluggish—United States Steel themselves have remained unmoved—but the third quarter earning figures appear reasonably satisfactory in view of the decline in operations from 88.4 per cent. to 73.6 per cent. of capacity. For October the average to date is no higher than 54 per cent. Net earnings for the nine months total \$95,353,000, compared with \$29,874,000 for the corresponding period of 1936, but to the end of August this year \$9½ of preference arrears were met. In fact, the \$1 dividend is comfortably earned on the nine months' results, for if a full year's preference dividend and arrears are provided, the net balance available for the common stock would be equivalent to about \$4½ per share. From the managerial changes announced this week, it may be presumed that further technical reorganisation is in contemplation. The Corporation has already achieved much in this direction, but so vast an organisation requires special managerial capacity. Whether the common stock, at \$60½, is too high or too low depends upon the estimate of future steel operations. As we show in the following Note, the effect of the collapse in railway re-equipment demand has been profound. Any hope of return to the high scale of operations in the second quarter clearly belongs to the remote future.

U.S. Rail Freight and Wages.—The consent of the Interstate Commerce Commission to increased freight rates on such traffic as soft coal, iron and steel has only partly solved the American railroads' cost problem. Wall Street's estimate of these difficulties is reflected in the fall of 50 per cent. in the Standard Statistics Bureau's index of railroad stocks from the high level of March, compared with 35 per cent. for industrials. Such movements are vividly particularised by New York Central, which reached 256½ in 1929 and fell during the depression as low as 8½. And though the present price of 20½ is above this year's "low," it is 63 per cent. below the 1937 "high." The freight increases just granted will provide additional revenue estimated at \$47,500,000 annually, while special concessions granted earlier this year should yield \$10 millions. But an increase of 5 cents in hourly rates was granted in August to the 13 non-operating unions, and early this month the National Mediation Board in Chicago brought agreement between the railroads and the 5 operating brotherhoods for an increase in wages of 5½ cents per hour, against an original demand of 20 cents. The compromise rate is estimated to add 6.6 per cent. to the employees' annual earnings, and in a full year may cost the companies \$30 to \$35 millions. Together with the earlier award, an increase in pay-rolls by some \$135 millions in a full year is probable, quite apart from the burden of rising costs of materials. It is scarcely surprising that railroad stocks remain depressed. Their record is compared with the improvement in gross earnings and net operating income in the following table:—

Railroad	Common Share Prices, 1937						% inc. Jan. Aug., 1937, over 1936 in	
	Highest	May 28	June 30	Aug. 25	Sept. 29	Oct. 28	Gross earnings	Net opng. income
Atchison, Topeka, etc.	93½	83	76½	75½	58½	41	16	51
Chesapeake and Ohio	68½	55½	52	49½	39½	27½	—	—
New York Central	55½	45½	36½	37	39½	20½	7	12
Pennsylvania R.R.	50½	42½	36	36	30	24½	12	3
Southern Pacific	63½	53½	43½	42½	32½	21	21	3
Baltimore and Ohio	40½	32½	26½	26½	17½	13½	8	2

Recent wage increases, it is true, do not affect results for the first eight months of this year, but already operating costs had outrun the advance in gross revenue on most lines. The latest I.C.C. award will not reverse the cheerless outlook, and it is understood that application is to be made for a blanket increase in rates. The stockholders' prospects are dependent on the I.C.C. to an

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uncomfortable degree, but they are not the only section of the community to suffer from falling net operating incomes. The railroads are important consumers of steel, and their sudden reduction of orders to meet deferred maintenance is largely responsible for the prevailing setback in American steel activity.

Mitchells and Butlers' Record.—The prosperity of the brewing industry in the Midlands is clear in every item of the Mitchells and Butlers' report to September 30th. Profits, after providing for depreciation, taxation and N.D.C., have advanced by 5 per cent. from £719,119 to £754,412, while the amount earned for the ordinary capital is increased from £612,895 to £649,024. Yet the market was disappointed with the 23 per cent. less tax dividend, and marked the £1 stock units down sharply from 103s. to 98s. Indeed, the dividend position is somewhat complicated by the change-over from a net to gross basis. This year, the ordinary shareholders will receive £510,651, after deducting tax at 5s. in the £, compared with £518,052 after deducting tax at 4s. 9d. in the £. The corresponding gross sums are approximately £680,000 for the latest dividend and £670,000 for the previous year. It may, in fact, assist investors if the earnings and dividend record for the past three years is set out on a tax-free and less-tax basis:—

	Tax-free Basis		Less-tax Basis	
Years to	Earned	Paid	Earned	Paid
Sept. 30	%	%	%	%
1935	19.1	17	24.6	21.9
1936	20.7	17½	27.2	22.9
1937	21.9†	17½	29.2‡	23

† Or 20.2 per cent. after allocating £50,000 to property reserve.

The company's earnings record is progressive, and shareholders will probably approve the directors' wisdom in setting aside the special sum to property reserve. At their current level, the £1 stock units yield £4 17s. per cent. They represent an equity in a sound brewery in a prosperous area.

Bad First Reports.—It has been remarked that new companies often promise more than they achieve, but first results like those of the Aeronautical Corporation of Great Britain and B. and F. Carter, published this week, are rare. The Aeronautical Corporation report comes with satisfactory promptitude after a valuation made as at October 18th, but it reveals a position of real gravity. A capital reorganisation scheme is to be submitted on Tuesday next, while the creditors' winding-up petition stands over till November 8th. The accounts chiefly indicate how £150,000 required to write down various losses is to be allocated. For the 17½-month period to September 30th last, trading losses totalled £44,714, and £72,224 in all after debiting £28,938 further expenses and crediting £1,428 other receipts. This result is in dismal contrast with the prospectus estimate of £40,000 profit for a normal working year. Then £18,862 is required to reduce fixed assets standing at £80,019 to the valuation figure, and an investment deficiency of £1,590 has to be met. There remain £16,419 preliminary expenses to be written off, while trade marks, etc., now standing at £48,813 are to be reduced by no less than £40,905. The present board, of course, has held office only since last May, but these figures are so seriously at variance with prospectus estimates, and the market valuation of the shares in the aircraft boom, that an investigation of the prospectus basis seems essential. The results of B. and F. Carter, a small company which makes cable and braiding machinery, are of little market interest, but they also are seriously below estimates, and come as a complete surprise. Last year the company issued a statement "for information" relating to its capital of £60,000 in 2s. shares. The opening price of the shares was about 45s. Profits for the half-year to July 31, 1936, were given as

£7,603, the figure for the previous full year being £7,233. Orders in hand were stated to be 150 per cent. higher than a year earlier, and the statement declared that the managing director fully anticipated that profits for the then current half-year would be well in excess of the latest results. After deducting the appropriate expenses, annual earnings based on a 5½-year average were shown at 6.87 per cent. on the capital and at 21 per cent. based on the most recent profits. Such prospectus arithmetic has now proved wholly erroneous. Trading profit for the year to July 31st amounted to £2,254, of which £263 was absorbed in fees and £1,040 for depreciation. The trifling sum of £951 has been earned net, and of this £335 consists of profits earned before incorporation. Shareholders thus enjoy a balance of £616. The report which accompanies the accounts is bare of information, and the meeting yesterday was held at Bolton. Such summary treatment of the shareholder is inappropriate in the light of the results.

J. Mandleberg Scheme.—Though not wholly ideal, the Scheme of Arrangement put forward by J. Mandleberg and Company for consideration on November 17th should escape serious criticism. Gross profits for 1936 showed an improvement to £30,830, but dividends on the £70,000 7 per cent. preference capital are four years in arrear, while nothing has been paid on the £150,000 8 per cent. non-cumulative preferred ordinary capital since 1931. Holders of £494,243 ordinary capital have gone without dividend since 1930. The present capital thus amounts to £714,243 and it is proposed to write this total down by £277,121. The ordinary shareholders provide £247,121 by a cut of 10s. per £1 share. The preferred ordinary capital is to be reduced to £120,000, by the sacrifice of 4s. per share, although the capital value of the holdings on winding up will be maintained by allowing each new £1 share to rank for 25s. Moreover, full dividend rights are contingently restored by granting the new shares a further 2 per cent. participation after payment of 8 per cent. on the ordinary. No change is proposed either in nominal value or rate of dividend on the preference capital, but one of the four years' arrears is to be entirely sacrificed, and the remainder (less tax) satisfied by the issue of £11,025 5 per cent. Funding Certificates. In 1936, the sum of £17,898 was earned for dividends, and though the course of profits has been so erratic that no estimate can be made of future earnings, we show below the effects of the Scheme at various levels :—

Earned for divs. ↑	Prefce. and Prefd. ord. fixed dividend	Total payable to prefd. ord.	Available for ord.
£	£	£ %	£ %
10,000	10,000	5,100 4½	Nil Nil
20,000	14,500	9,600 8	5,500 2½
30,000	14,500	9,600 8	15,500 6½
40,000	14,500	12,000 10	23,100 9½

† After £550 service on 5% funding certificates, but before £4,900 dividend on 7% cum. preference shares.

Approximately £36,700 would be required before the preferred ordinary ranked for a full 10 per cent dividend, but some dividend, even if small, is within sight for the new ordinary capital. It is, however, difficult to explain why the preference shareholders should be asked to sacrifice, once and for all, a quarter of their arrears, particularly since the participating rights allotted to preferred ordinary shareholders do give them some prospect of regaining their full rights. This, surely, is a small matter which can and should be rectified. But for the rest, the scheme seems both expedient and equitable.

OVER ONE HUNDRED AND TEN YEARS OF SERVICE

SCOTTISH UNION & NATIONAL
INSURANCE COMPANY

ASSETS EXCEED £16,000,000

FIRE LIFE ACCIDENT MARINE

Edinburgh: 35 St. Andrew Square
London: 5 Walbrook, E.C.4, and 45 Pall Mall, S.W.1

Imperial Smelting Recovery.—After its slow progress in recent years this company, which, with its subsidiaries, supplies our entire home production of zinc, has experienced a sharp recovery. Subsidiary companies' operations must indeed have been remunerative, for it appears that despite the rise from £15 3s. 11d. to £20 2s. 1d. per ton in the average price of spelter and an increase from 61,529 tons to 65,755 tons in production, the results of zinc smelting were again unsatisfactory. But in fact the consolidated trading profit rose by 56 per cent., from £285,789 to £446,479. After providing for taxation and expenses and £126,573 for depreciation (an increase of £28,000), net profits advanced by 82 per cent. to £266,430. For the Corporation itself £122,554 is available for the ordinary shareholders, which just covers the 5 per cent. dividend, the first to be paid since the initial period ended in 1930. The balance sheet position is, on the whole, more satisfactory. In the consolidated statement fixed assets of £3,795,407 are higher by £110,000, and the cash position is greatly improved. The principal changes in the Corporation's own balance sheet are an increase from £39,018 to £169,774 in investment reserve and a rise in advances to the National Smelting Co. Since the end of the financial year on June 30th, arrangements have been made for that company to purchase the remaining capital and debenture stock of Improved Metallurgy, Limited. The undertaking's liquid resources will not thereby be depleted, as the purchase price is being used to subscribe for 112,500 ordinary shares of the Corporation, with a two-year option on a further 10,000 shares. The £1 ordinary shares yield £7 3s. per cent. at the current price of 15s.

Tin Outlook and Results.—The decision reached at last Monday's meeting of the International Tin Committee was unusual in form and apparently tactful in compromise. The current quota of 110 per cent., in operation since last April, has not been changed, but the Committee express the view that the quota for January to March, 1938, "should be" 85 per cent. A definite decision, however, will not be made till December 10th. What cannot be proved by current statistics may be inferred from the adverse trend of the metal. Up to August this year tin production amounted to 126,270 tons, and showed an increase of just over 12 per cent. compared with 1936. But this is no more than the rise in world consumption during that period, from 107,684 to 123,564 tons. This country and the U.S.A. between them absorb from 50 to 60 per cent. of world supplies, and in both countries the rise in consumption has accorded with the general trend. Stocks are tending to rise; and supplies in this country and afloat amounted to 3,137 tons at the end of September, against 1,187 tons a year earlier. Such figures, however, are not necessarily too high, unless consumption trends have changed. Tin company reports are still encouraging, judging from the results of *Pahang Consolidated* and *Kamunting Tin Dredging* issued this week. In both cases net profits are the highest for 10 years. Total receipts of *Pahang* have risen to £455,656, against £367,100, while the net working profit of £212,731 is £29,000 higher. The participating preference shareholders again receive the maximum dividend of 15 per cent. and the ordinary shareholders get 50 per cent., though it is barely covered by earnings of 46.7 per cent. This creditable result has been achieved partly by an increase in production of black tin, of which 2,780 tons were produced, against 2,298 tons, and partly by a rise from £142 2s. 4d. to £162 12s. 5d. in the average price realised. Costs were £6 higher at £83 5s. 7d. per ton. A similar degree of improvement is recorded by *Kamunting Tin*, whose total profits reached £344,720, against £250,786. Net profits are £40,000 higher at £127,684, equivalent to 25.4 per cent. earned for the 22½ per cent. dividend. Production increased by 13 per cent. to 2,519 tons, realising £136 2s. 10d. per ton, against £126 19s. 2d., but costs were reduced by over £4 10s. to £40 6s. 3d. Increased production has contributed materially to the higher dividends paid, and since Malaya alone has been exporting her full allowance under the Scheme,

any reduction of the quota (even though it would affect half of these companies' current year) would adversely affect shareholders' prospects. The accumulated under-export of Bolivia alone exceeds 22,500 tons. The price of tin has fallen about £100 from its highest to £210 London standard cash, but the relative low costs of Malay producers offer some protection during a period of falling prices.

Consolidated African Selection.—The substantial increase in the revenue of this West African diamond concern appears largely attributable to its interests in Sierra Leone and in Cape Coast Exploration, although operations at the Gold Coast mines are stated to have proceeded satisfactorily. Revenue has jumped from £384,610 to £616,430. A reduction in the amount required for taxation was rather more than offset by amortisation and other expenses, and a divisible balance of £466,370 remains, as compared with £232,470 in 1935-36 and £177,790 in 1934-35. The cash dividend has been raised to 90 per cent. In the previous year a 70 per cent. dividend was accompanied by a 50 per cent. share bonus. An extraordinarily strong cash position is revealed by the balance sheet, and after the transfer of £100,000 to reserve, against £25,000, a slightly increased balance of £31,520 is carried forward. On the basis of last year's dividend the shares yield approximately 6½ per cent., tax free.

Other Company Results.—Our usual table on page 238 analyses the profit and loss accounts of over 40 further companies. The *Birmingham Small Arms* accounts are now available, while the more important results include those of *Burberrys, Limited*, and of *Atkinson-Oates Motors*. A number of concerns have recently issued their first accounts as public companies. A discussion of the results appears on page 239 under the heading "Shorter Company Comments."

Company Meetings of the Week.—Reports of company meetings commence on page 230 in this issue. In his address to *Rhokana Corporation* members, Sir Auckland Geddes drew attention to the extraordinary fluctuations in the price of copper during the past year and to the fact that despite increases of production and the removal of restriction the average price in June last was over £55. This position he ascribed mainly to increased consumption in the United States. At the *Modderfontein East* meeting Mr R. S. G. Stokes emphasised the continued increase in the scale of operations and forecast a heavy programme of capital expenditure. The grade of ore milled was likely to be lower during the current year. Mr C. L. Read, at the meeting of *Consolidated Main Reef Mines and Estate*, struck the same note and also pointed out that since the beginning of July the rate of development had been slowed down by the shortage of labour. Mr William E. Pennick explained to the shareholders of *Goode Durrant and Murray* that if the authorities stabilised the Australian exchange at the present level, a reserve could be created from the fixed asset valuations to save recourse to profits. Unanimous approval was given by *Allied Bakeries* shareholders to the increase in capital. The businesses to be acquired were described by Mr W. Garfield Weston. At the *Assam Railways and Trading* meeting Mr E. A. A. Joseph stressed the growth in motor traffic in India, but declared that the company had met such competition by keeping their services frequent, convenient and cheap. Sir Follett Holt's comments at the *Buenos Aires Great Southern Railway* meeting are discussed in a Note on page 222. Viscount St. Davids, at the *Buenos Ayres and Pacific Railway* meeting, declared that they anticipated better consideration from the new Government, and stressed the large burden of exchange differences. It was reported by Sir Harry Foster to members of *United Tin Areas of Nigeria* that, following the installation of a new gravel pumping plant, increased production might be expected from the Gurum Areas, which provided the bulk of the company's output.

THE WEEK IN THE MARKETS THE STOCK EXCHANGE

SETTLING DAYS

TICKET: NOVEMBER 2 ACCOUNT: NOVEMBER 4

RECOVERY, tempered by reflection, is probably the best summary of the week's markets. The opening was marred by a bad hang-over from Wall Street and renewed disquiet regarding the European political situation. Then London began to test its emancipation from Wall Street with some small buying, and was gratified to find it hold against rather uncertain movements in New York. Towards the end of a rather featureless week, the Federal Reserve Board announced a cut in margin requirements from 55 to 40 per cent. and a new move to limit "short selling"—a margin deposit of 50 per cent. International stocks immediately responded, and the tone of Thursday's market was generally more cheerful.

Gilt-edged opened quiet, but demand expanded, and in mid-week small investment support—some based on the view that a downward industrial trend had been reached without a money crisis—was reported. The Sheffield scrip improved slightly to ½ discount. Australian issues were firm, though not active, on the victory of the Lyons Government, and the expectation of a further conversion operation shortly.

In the foreign market, Brazilian issues reflected growing impatience at the lack of any scheme to control future interest payments, although prices became steadier as the week progressed. German issues were unaffected by the resignation of Dr Schacht, but a sharp rise occurred in Japanese bonds on Wednesday on the news that the Chinese defence of Shanghai had been broken. Yet Chinese Customs issues were still receiving attention.

Home rails opened with two dull days, despite early efforts on Tuesday to set the market moving. The traffics this week, however, appeared to include at least part of the 5 per cent. increase and Wednesday's prices were firmer. The Argentine rail market made little response to the B.A. Western report (discussed on page 222) nor to the encouraging speech at the B.A. Great Southern meeting. A recrudescence of speculative buying of Cordoba debentures appeared willingly to discount the rumours that the Government would, at long last, purchase the concern, despite the delays and recent disturbances on the line.

Although the industrial markets remained quiet, the tone showed some perceptible improvement. Erratic movements in international securities gave way to irregular fluctuations, and a rather lifeless reception to the U.S. Steel dividend. The entire iron and steel list was down on Monday, and there were no marked changes until Thursday, when the market was more active. Electrical equipment issues improved after a poor start, and were carried higher by a steady demand for British Insulated in mid-week. Motor shares were in small demand, although a few orders provided a fairly good background for some shares. Brewery and tobacco issues picked up after the resumption of investment buying, but the Mitchells and Butlers dividend (discussed on page 223) depressed the stock units. Store shares, particularly the fixed price issues, tended to improve, while Unilever, initially depressed by Amsterdam, recovered an appreciable part of its losses. Textile issues were uninteresting. Shipping issues became steadier, while the miscellaneous industrial leaders showed reasonably good recovery after a poor beginning.

Conditions in the oil market were dull, but not unsatisfactory. Small declines were experienced on Monday in sympathy with Wall Street's week-end setback, but the next day the tone was steadier though business was small. Small rises were fairly common in mid-week with some investment demand for the leaders. Activity in rubber shares was at low ebb, and prices sagged owing to the continued weakness of the commodities. Sales, however, remained small, and the market on the whole stood up well to Wall Street's influence. The tea market lived up to its recently acquired independence of general movements, and the tone was firm on investment buying.

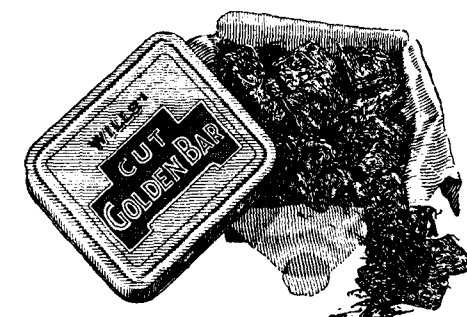
Despite satisfactory mining reports, the mining market at first took Wall Street's behaviour and renewed political uncertainty very much to heart. Some improvement occurred later, but it was a dull week on the whole. Kaffir prices fell heavily in Monday's gloomy session, and though the market steadied itself in mid-week partly with the help of Paris and Cape buying, lack of public support prevented any marked turn for the better. Business in copper issues was dominated first by the irregular movements of Roan Antelope, due to Paris selling on the announcement that tax would in some cases be payable on the bonus shares. Tin shares were affected by the wide fluctuations in the metal price and the uncertainty regarding the January to March quota.

GOLDEN MOMENTS

Football

The whistle starts the first game of the season. Leading his side as he did in the Spring he takes the opposing backs by surprise and slams the ball into the net before the game is a minute old—the first goal scored in the season.

What a Golden Moment it must be for him! But even he cannot smoke a better tobacco at a shilling an ounce than Cut Golden Bar.—But it must be Wills's!



2 oz. vacuum tin

WILLS'S

CUT GOLDEN BAR

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

1/-
AN OUNCE

"FINANCIAL NEWS" MARKET INDICATORS

	Oct. 21	Oct. 22	Oct. 25	Oct. 26	Oct. 27	Oct. 28
Approximate total of bargains recorded in S.E. List	8,510	7,315	8,730	6,930	7,000	7,145
Corresponding day 1936	12,958	13,334	12,720	12,095	12,260	13,567
SECURITY MOVEMENTS						
Index of 30 Ordinary Shares (July 1, 1935=100)	105.1	105.2	103.6	104.0	104.6	105.0
Index of 20 Fixed Interest Securities (1928=100)	127.0	127.1	127.1	127.2	127.3	127.4

Highest 1936: Ordinary Shares 124.9 (Nov. 18); Fixed Interest 138.8 (Feb. 10).
 Lowest 1936: Ordinary Shares 107.4 (Jan. 2); Fixed Interest 136.2 (Sept. 23).
 Highest 1937: Ordinary Shares 124.8 (Jan. 4); Fixed Interest 136.6 (Jan. 4).
 Lowest 1937: Ordinary Shares 99.0 (Oct. 12); Fixed Interest 126.0 (Sept. 8).

ACTUARIES' INVESTMENT INDEX

The Actuaries' index of 177 industrial ordinary share prices, standing at 77.5 on Tuesday last, shows a fall of 3.1 points from 80.6 a month ago, though there has been a recovery of 1.7 points from the low point reached on October 12th. A year ago the index stood at 90.4, by far the greater part of the decline having occurred in recent months. The corresponding yields are 4.69, 4.52 and 3.54 per cent. The rise in yield over the past year has not been as great as the decline in the index, but during the last few weeks the index and the average yield have tended to move in inverse proportion. The following table shows a selection of the separate indices, and the usual monthly particulars of fixed interest securities:—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yield (%)		
	Year ago (Oct. 27, 1936)	Month ago (Sept. 28, 1937)	This week (Oct. 26, 1937)	Year ago (Oct. 27, 1936)	Month ago (Sept. 28, 1937)	This week (Oct. 26, 1937)
	1936	1937	1937	1936	1937	1937
Fixed Interest:—						
2½% Consols (1)	151.0	131.8	131.7	2.95	3.38	3.39
Misc. industrial deb. (20)	126.2	121.2	121.0	3.91	4.10	4.10
Misc. industrial pref. (47)	123.0	116.5	116.1	4.19	4.45	4.46
Ordinary:—						
Building materials (5)	104.7	85.8	87.0	4.79	6.33	6.21
Coal (7)	113.9	123.3	114.1	3.12	4.06	4.30
Cotton (6)	47.5	42.8	39.8	2.01	2.40	2.52
Iron and steel (12)	84.1	75.6	71.6	3.63	5.11	5.46
Oil (5)	93.3	92.0	85.4	2.91	7.09	7.70
Home Rails (4)	83.6	78.8	72.6	1.31	2.80	3.01
Shipping (4)	25.1	25.0	21.5	0.48	1.72	2.02

NEW YORK STOCK EXCHANGE

In the last day or two conditions on Wall Street have been somewhat quieter, but the market is still a broken reed; New York has its Windy Corner as well as Shanghai. Last week closed with further liquidation, assumed to be due in part to closing of bull accounts on the I.C.C. award of railway rate concessions estimated to yield \$47,500,000 a year. Monday began badly, but a rapid change came within the first hour, and prices rose substantially, the Dow Jones industrial index closing 7 points higher on the day. The sensation of the day was a temporary suspension in dealings in Chrysler, which holders refused to sell. The stock closed \$10 above the day's lowest. The rise was helped by rumours of a U.S. Steel common dividend of 2 to 3 dollars, although the steel position continued to frighten operators. Tuesday's dealings were firm for most of the session, and not until the last hour did weakness develop. Lower steel operations depressed steel shares, and rails sagged. On Wednesday the turnover fell to just over the million mark, with prices falling at first, but closing above the worst in a last hour rally. The U.S. Steel dividend stimulated no enthusiasm, and motors did not benefit from the Motor Show. Thursday's dealings had the benefit of a wholly unexpected reduction in the margin requirements from 55 per cent. to 40 per cent., and a new margin of 50 per cent. on short-selling operations, designed to check the bear raider. Government bonds were firmer, on the promise of open market support by the Federal Reserve Board. Iron Age estimates steel mill activity for the current week at 51 per cent. of capacity.

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

	1936		1937		Beginning of Year 1937	Oct. 13, 1937	Oct. 20, 1937	Oct. 27, 1937
	Lowest	Highest	Lowest	Highest	Apr. 29	Nov. 10	Oct. 27	Mar. 10
447 Industrials	112.7	145.9	100.7	155.7	143.2	104.6	101.9	100.7
32 Rails	42.8	90.2(b)	32.5	64.5(f)	54.6	34.1	32.5	32.5
40 Utilities	91.2	111.0(a)	78.3	116.4(b)	111.7	79.3	79.1	78.3
Total, 419 Stocks	97.7	125.4	85.9	132.4	123.5	89.0	86.9	85.9
Average yield*	4.50%	2.65%	6.22%	3.20%	3.53%	5.98%	6.13%	6.22%
	High (c)	Low (d)	High	Low (e)				

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

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

Highest*	Lowest*	Oct. 20	Oct. 21	Oct. 22	Oct. 23	Oct. 25	Oct. 26	Oct. 27
180.3	104.8	116.4	118.2	114.9	109.8	116.9	114.7	114.9

* March 6th.

† October 18th.

TOTAL DEALINGS IN NEW YORK

	Oct. 21	Oct. 22	Oct. 23*	Oct. 25	Oct. 26	Oct. 27
Stock Exchange—						
Shares (No. Thous.)	3,640	2,110	1,570	2,340	1,820	1,060
Bonds (Thous. \$)	14,810	14,260	7,590	9,580	8,120	7,880
Curb—						
Shares (Thous.)	620	374	273	376	278	171

* Two-hour session.

	Oct. 20, 1937	Oct. 27, 1937	Oct. 28, 1937	Oct. 20, 1937	Oct. 27, 1937	Oct. 28, 1937
	(Close)	(Close)	(Latest)	(Close)	(Close)	(Latest)
1. Rails & Transport						
Atchafalpa	43½	39½	41	26	27½	28½
Balt. & Ohio	12	13½	13½	68½	69½	72½
B.M.T.	10½	10½	12	22½	22½	24½
Can. Pac.	8½	8½	8½	40½	40½	41½
Ches. & Ohio	38½	38½	39½	8½	8½	9½
Ch. Nthn. Rly. P.	27½	28½	28½	12½	12½	13½
Illinois Central	12	12	12	6½	6½	7½
N.Y. Central	19½	20½	20½	12½	12½	13½
Nor. Pac.	12½	13	20	6½	6½	6½
Pennsylvania R.R.	24½	24½	24½	12½	12½	13½
Southern Pac.	21½	20½	21	21	22	23
Southern Rly.	13½	13½	14½	32½	32	33½
Union Pac.	98½	93	94	17½	18	19
Greyhound Cp. New	10½	10½	11½	59	58	59
2. Utilities and Communications						
Am. Waterworks	11½	11½	12½	170½	157	160
C.W. & S. (N.Y.)	1½	2	2	82	82½	84
Cons. Gas of N.Y.	8½	8½	8½	131½	123	12½
Col. Gas & Electric	28	24½	25	79	79	79½
Elec. Bond & Share	9½	9½	8½	19	19	20½
Nat. Pwr. & Lt.	7½	7½	7½	43½	44	46½
North American	18½	18½	19	106	99	101
Pac. Gas & Electric	26	25½	25½	41½	41½	42
Pac. Lighting	40	37	38½	90	89	90½
Pub. Service N.J.	35½	35½	36½	21	22	22½
Stan. Gas & Elec.	4½	4½	5	61½	58½	58½
United Corp.	10½	10½	11	47	47	48
United Gas Imp.	152½	153	154	87½	88	88½
Am. Tel. & Tel.	6½	7	7	79½	74½	78½
Int. Tel. & Tel.	31½	30½	31½	74	74	74
Western Union	7½	7	7½	51	52	52½
Radio	57	56½	57½	102	100	100½
Radio B. Pref. New				27	27	27½
3. Extractive and Metal Industries						
Am. Rolling Mills	24	11½	11½	40½	41	42½
Beth. Steel	49½	47½	50	18	18	15
Beth. Steel Pref. x	90	90	91	23	25	25½
Republic Steel	17½	18	19½	12	12	12½
U.S. Steel	61½	58½	60½	10½	10½	11
U.S. Steel Pref.	115	113	112½	15	15	16
Alaska Juneau	34½	31	33	63	62	63
American Metal	57½	54	55½	25½	25½	24½
American Smelting	30½	28	29			
Anaconda	27½	28	29			
Bohn Aluminum	47	46	46½			
Cerro de Pasco	45½	45½	46			
Int. Nickel	38½	35	35½			
Patheco	11	12	12½			
Texas Gulf Sulph.	53½	53	51			
U.S. Smelt.	53½	53	51			
Vanadium Corp.	14½	15	16			
Atlantic Refining	24½	22½	23			
Phillips Petroleum	40½	43	45			
Shell Union	20½	19	19			
Shell Union Pref.	98	98	98			
Soco Vacuum	15½	15½	16½			
Stand. Oil Calif.	34	33	33			
Stand. Oil N.J.	53	51	52			
Texas Corp.	44½	43	44½			
4. Manufacturing						
Bridge	26	27½	28½			
Chrysler	68½	69½	72½			
Electric Autolette	22½	22½	24½			
General Motors	40	40½	41½			
Hudson Motor Car	8½	8½	9½			
Murray Corp.	6½	6½	7½			
Nash Kelvinator	12½	12½	13½			
Packard Motor Car	6½	6½	6½			
Boeing Aviation	12½	12½	13½			
Boeing Aircraft	21	22	23			
Douglas Aircraft	32½	32	33½			
United Aircraft	17½	18	19			
Air Reduction	59	58	59			
Allied Chem.	170½	157	160			
Col. Carbon	82	82½	84			
Dupont	131½	123	12½			
Union Carbide	79	79	79½			
U.S. Ind. Alcohol	19	19	20½			
Allis Chalmers	43½	44	46½			
General Electric	43½	44	46½			
Westinghouse	106	99	101			
American Can.	90	89	90½			
Addressograph	21	22	22½			
Caterpillar	61½	58½	58½			
Cons. Gas	47	47	48			
Ingersoll Rand	87½	88	88½			
Intnl. Harvester	79½	74½	78½			
Johns Manville	88	74	74			
Am. Radiator	18½	18½	19			
Corn Products	51	52	52½			
J. I. Case and Co.	102	100	100½			
Clifton	27	27	27½			
Gen. Am. Transp.	40½	41	42½			
Allied Mills	18	18	15			
Celanese of Amer.	22½	25	25½			
Ind. Rayon Newxd	23	25	25½			
Colgate Palmolive	12	12	12½			
Eastman Kodak	163½	168	168½			
Gillette	10½	10	11			
Lambert Co.	15	15	16			
Loews	63	62	63			
20th Century Fox	25½	25	24½			
5. Retail Trade and Food						
Montgomery Ward	39½	40	41½			
J. C. Penney Co.	77	78	79			
Sears Roebuck	66	65	67			
United Drug	7½	7	8			
Walgreen	22	22	23			
Woolworth	39½	39	41			
Borden	20	20	21			
Gen. Foods	32½	32	32½			
Kroger Grocery	17	18	20			
Nat. Biscuit	20	20	21			
Nat. Dairy	16½	15	15½			
Standard Brands	10	9	9½			
Am. Tobacco B.	72	72	73			
Liggett Myers B.	87	86	86½			
Lorillard	18½	18	18½			
Reynolds Tob. B.	48½	47	47½			
National Distillers	22	23	24			
Schenley Distillers	29½	29	30			
6. Finance						
Commercial Credit	44½	45	46½			
Atlas Corp.	10	9	10½			
Com. Invest. Trust	47½	48	48½			

CAPITAL ISSUES

TOTALS OF CAPITAL ISSUES DURING WEEK

Net Sales of National Savings Certificates, Week ended October 23, 1937, Nil

To the Public.....	Nominal Capital	Conversions	New Money
To Shareholders only.....	Nil	£	Nil
By Stock Exchange Introduction.....	210,000	...	Nil
By Permission to Deal.....	Nil	...	213,000
	706,771	...	951,718
Total Capital Raised—			
	Including Conversions	Excluding Conversions	
	£	£	
1937 (New Basis) ...	470,888,827	421,642,764	
1937 (Old Basis) ...	268,284,371	222,120,687	
1936 (New Basis) ...	392,297,718	290,828,240	
1936 (Old Basis) ...	258,504,492	156,911,905	
Total offered for Subscription—			
	Including Conversions	Excluding Conversions	
	£	£	
Whole Year (New Basis) ...	1936 ... 642,017,245	1936 ... 464,139,765	
	1935 ... 698,313,125	1935 ... 357,825,440	
Whole Year (Old Basis) ...	1936 ... 402,047,003	1936 ... 258,570,993	
	1935 ... 548,351,393	1935 ... 277,637,931	
	1934 ... 140,880,300	1934 ... 169,100,700	
	1933 ... 487,921,500	1933 ... 244,780,500	
	1928 ... 883,000,086	1928 ... 366,038,073	
January 1 to date (Old Basis)—			
1935 ...	261,294,088	132,648,700	
1934 ...	340,031,901	148,019,479	
1933 ...	506,961,409	332,931,678	

LONDON ACTIVE SECURITY PRICES AND YIELDS

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

Prices, Year 1936		Prices, Jan. 1 to Oct. 27, inclusive		Last two Dividends		Name of Security		Price, Oct. 20, 1937		Price, Oct. 27, 1937		Rise or Fall		Yield Oct. 27, 1937		Prices, Jan. 1 to Oct. 27, inclusive		Last two Dividends		Name of Security		Price, Oct. 20, 1937		Price, Oct. 27, 1937		Rise or Fall		Yield Oct. 27, 1937	
High- est	Low- est	High- est	Low- est	(a)	(b)	(c)		High- est	Low- est	(a)	(b)	(c)					High- est	Low- est	(a)	(b)	(c)								
British Funds																													
87 1/2	82 1/2	84 1/2	73 1/2				Consols 2 1/2% 1957-60	73 1/2	74 1/2	+	1	3	7	11			40/-	32/-	5 1/2	5 1/2	Bank of N. Zealand £1	35/-	35/-						
116 1/2	112 1/2	113	105 1/2				Do. 4% 1942-48 at par										376	329	6 1/2	6 1/2	Bank of England Stk.	33 1/2	33 1/2						
							or after Feb. 1957-60										80/100	71/6	7 1/2	7 1/2	Barclay B. (£1)	75/-	76/-	+1/-					
102 1/2	100 1/2	101 1/2	94 1/2				Conversn. 2 1/2% 1944-49	108 1/2	109	+	1	3	8	0			48/3	40/-	2 1/2	2 1/2	Bk. of (Dom. &c.) A £1	43/6	43/6						
105 1/2	103 1/2	106 1/2	97 1/2				Do. 3 1/2% 1948-53	99 1/2	99 1/2	+	1	3	0	0			10 1/2	8 1/2	3 1/2	3 1/2	Bk. of Australasia (£5)	88	88						
108 1/2	104 1/2	106 1/2	98 1/2				Do. 3 1/2% after 1981	100 1/2	100 1/2	+	1	3	9	3			44/9	38/6	8 1/2	8 1/2	Bk. of Monmouth (£100)	238 1/2	239 1/2	+1					
111 1/2	107 1/2	108 1/2	105				Do. 4 1/2% 1940-44	106 1/2	107 1/2	+	1	3	8	0			29 1/2	24 1/2	5 1/2	5 1/2	Bk. of N.S. Wales (£20)	26 1/2	26 1/2						
121 1/2	116 1/2	117 1/2	111 1/2				Do. 5% 1944-44	111 1/2	112 1/2	+	1	3	0	3			101/-	87/6	6 1/2	6 1/2	British Overseas A (£5)	92 1/2	92 1/2						
95 1/2	92 1/2	92 1/2	84 1/2				Funding 2 1/2% 1952-61	94 1/2	95	+1	1	3	6	1			15/9	12 1/2	7 1/2	7 1/2	Chd. of India (£15)	13 1/2	13 1/2						
104 1/2	101 1/2	101 1/2	95 1/2				Funding 3 1/2% 1952-61	95 1/2	96	+	1	3	4	0			42/6	37/6	6 1/2	6 1/2	Com. Bk. of Asia 10/-	13 1/2	13 1/2						
119 1/2	115 1/2	116 1/2	109				Funding 3 1/2% 1959-69	109 1/2	110 1/2	+	1	3	1	0			58/-	50/6	5 1/2	5 1/2	District A (£5) pd.	85/-	85/-						
			97 1/2				Funding 4 1/2% 1960-90	96 1/2	97 1/2	+	1	3	1	0			108/9	85/-	12 1/2	12 1/2	Do. B (£1) fully paid	52 1/2	52 1/2						
117 1/2	113 1/2	114 1/2	107 1/2				Nat Deice 2 1/2% 1944-48	109 1/2	109 1/2	+	1	3	11	0			11 1/2	10/6	8 1/2	8 1/2	Eng. Scot. & Aust. £5 pd.	90 1/2	90 1/2						
108 1/2	104 1/2	105 1/2	99 1/2				Victory Bonds 4 1/2%	109 1/2	109 1/2	+	1	3	11	0			121 1/2	92/6	13/6	13/6	Hambro £10, £24 pd.	10 1/2	10 1/2						
98 1/2	94 1/2	96 1/2	84 1/2				War Ln 3 1/2% after 1952	100 1/2	100 1/2	+	1	3	9	10			68 1/2	51	4 1/2	4 1/2	Lon. & Lanc. £5, £2 pd.	30 1/2	30 1/2						
103 1/2	101 1/2	101 1/2	99 1/2				Local Loans 3%	85 1/2	85 1/2	+	1	3	10	3			68 1/2	51	4 1/2	4 1/2	Lloyds £5, with £1 pd.	80 1/2	80 1/2						
76 1/2	70 1/2	72	62				Austria 3% 1933-53	100	100	+	1	3	6	9			94/6	81 1/2	7 1/2	7 1/2	Martins £20, £24 pd.	88 1/2	88 1/2						
89 1/2	83 1/2	85 1/2	74 1/2				India 2 1/2%	78 1/2	78 1/2	+	1	3	16	5			44 1/2	38	8 1/2	8 1/2	Midland £1, fully pd.	84 1/2	84 1/2						
120 1/2	116 1/2	119 1/2	112 1/2				Do. 3%	92 1/2	92 1/2	+	1	3	15	8			47 1/2	39	9 1/2	9 1/2	Nat. of Egypt £10	38 1/2	38 1/2						
129 1/2	123 1/2	126 1/2	118 1/2				Do. 4 1/2% 1958-68	115 1/2	115 1/2	+	1	3	10	6			16 1/2	14 1/2	7 1/2	7 1/2	Nat. of India £25, £24 pd.	41 1/2	41 1/2						
107 1/2	104 1/2	105 1/2	102				U.K. & Arg. 4% A (1947)	102 1/2	102 1/2	+	1	3	15	1			49 1/2	45 1/2	8 1/2	8 1/2	Nat. of India £25, £24 pd.	41 1/2	41 1/2						
							Dom. & Col. Govts.										16 1/2	14 1/2	7 1/2	7 1/2	Royal Bk. of Scotland	46 1/2	46 1/2						
113 1/2	109 1/2	109 1/2	105				Australia 5% 1945-75	108	108	+	1	3	18	0			101 1/4	88/6	9 1/2	9 1/2	St. of S. Afr. £20, £5 pd.	14 1/2	14 1/2						
106 1/2	102 1/2	104 1/2	101				Canada 4% 1940-60	103	103	+	1	3	18	11							Westminster £4, £1 pd.	91 1/2	91 1/2						
118 1/2	114 1/2	116 1/2	112 1/2				Gold Coast 4 1/2% 1956...	113	113	+	1	3	11	6			94/6	69/6	10 1/2	10 1/2	Alexanders £2, £1 pd.	65 1/2	65 1/2						
120 1/2	117 1/2	117 1/2	114				Nigeria 5% 1950-60	109	109	+	1	3	18	6			16 1/2	12 1/2	7 1/2	7 1/2	National A £25, £24 pd.	13 1/2	13 1/2						
114 1/2	108 1/2	107 1/2	103 1/2				N. Zealand 5% 1957-60	104	104	+	1	3	11	5			54/9	44/3	6 1/2	6 1/2	Union £1 of stock	46 1/2	46 1/2						
106 1/2	102 1/2	103 1/2	110 1/2				Queensland 5% 1940-60	104	104	+	1	3	11	5															
117 1/2	113 1/2	114	110 1/2				S. Africa 5% 1945-75...	113	113	+	1	3	6	0			32	26 1/2	40 1/2	50 1/2									
Foreign Governments																													
		103	97				Argentina 4 1/2% Stg. Bds	99	99	+	1	4	11	0			15 1/2	13 1/2	14 1/2	13 1/2	Alliance £1, fully pd.	27 1/2	28						
102	90	105	98				Austria 7% 1957...	103 1/2	103 1/2	+	1	6	15	0			10 1/2	9 1/2	20 1/2	20 1/2	Atlas £1, £1 pd.	14 1/2	14 1/2						
98	82	91 1/2	84 1/2				Do. 4 1/2% 1934-59	88	89 1/2	+1 1/2	1	5	7	9			21 1/2	18 1/2	1 1/2	1 1/2	Com. Un. £1, fully pd.	10 1/2	10 1/2						
72 1/2	71 1/2	73 1/2	65				B. Aires (Prov.) 3 1/2%	100	100	+	1	5	6	8			35 1/2	29 1/2	6 1/2	6 1/2	Gen. Accident £1, 5/- pd.	51 1/2	51 1/2						
97 1/2	95 1/2	102	96				Belgian 4% red. by 1970	100	100	+	1	4	10	0			14	11 1/2	3 1/2	3 1/2	Lon. & Lanc. £5, £2 pd.	30 1/2	30 1/2						
83 1/2	80 1/2	80 1/2	68				Brazil 7 1/2% Loan	31 1/2	32 1/2	+1	1	7	13	10 1/2			22 1/2	18 1/2	40 1/2	35 1/2	N. Brit. & Merc. £1, £1 pd.	11 1/2	11 1/2						
23 1/2	16	28	18 1/2				Bulgaria 5% Fund. 1914	69	71 1/2	+2 1/2	1	6	19	10 1/2			18 1/2	12 1/2	12 1/2	12 1/2	N. Brit. & Merc. £1, £1 pd.	11 1/2	11 1/2						
84 1/2	86	94 1/2	57				Chili 6% (1929)	20 1/2	19	-1 1/2	1	3	0 1/2	16 1/2			37 1/2	32 1/2	19 1/2	19 1/2	Pearl £1, fully paid	19	19						
95 1/2	90	101 1/2	80 1/2				China 5% (1912)	63 1/2	67 1/2	+4	1	7	8	2 1/2			37 1/2	32 1/2	19 1/2	19 1/2	Prudential £1, fully pd.	33 1/2	34						
112 1/2	95 1/2	107 1/2	102 1/2				Do. 5% (1913)	67 1/2	74 1/2	+7	1	6	14	3 1/2			114 1/2	103/9	14 1/2	15 1/2	Do. £1, with 4s. paid	105 1/2	105 1/2						
110	98	100	92 1/2				Czechoslovakia 8%	103 1/2	103 1/2	+	1	7	14	6			9 1/2	8 1/2	3 1/2	3 1/2	Royal Exchange £1 (100)	105 1/2	105 1/2						
70	57	72 1/2	49				Danish 3% (1952)	97 1/2	97 1/2	+	1	3	16	9			19 1/2	16 1/2	6 1/2	6 1/2	Sc. £1, 10/- pd.	10 1/2	10 1/2						
106 1/2	102 1/2	106 1/2	101 1/2				French 4 1/2% (1952)	103 1/2	104 1/2	+	1	8	15	3			18 1/2	16 1/2	6 1/2	6 1/2	S. Afr. & Nat. A £20, £1 pd.	17 1/2	17 1/2						
25 1/2	17 1/2	18 1/2	10 1/2				German 3% (British)	12 1/2	12 1/2	+	1	5	5	0 1/2			93 1/2	80 1/2	1 1/2	1 1/2	Sun Insur. £1 with 5/-	85 1/2	85 1/2						
46 1/2	34	49 1/2	35				Germ. 7% Dawes Ln.	54																					

COMPANY MEETINGS

CONSOLIDATED MAIN REEF MINES
AND ESTATE, LIMITED

GREATER QUANTITY OF ORE MILLED

MR C. L. READ'S STATEMENT

The annual meeting of the Consolidated Main Reef Mines and Estates, Limited, was held, on the 27th instant, in Johannesburg.

Mr L. C. Read, the Chairman, in moving the adoption of the report and accounts, said that the quantity of ore milled had been 163,500 tons greater than that of the previous year and, with a decrease of 0.242 dwt. in gold yield per ton milled, revenue per ton had fallen by 1s. 9d. to 26s. 7d., although gross revenue, by reason of increased tonnage, had been £69,562 higher at £2,551,367.

Working costs per ton milled had been 4d. lower than in the previous year, but in the aggregate—again owing to the increased tonnage handled—had been £139,316 higher at £1,934,581. Working profit of £616,786 was £69,754 less, having been at the rate of 6s. 5d. per ton milled compared with 7s. 10d. for the previous year.

CAPITAL EXPENDITURE

After reviewing the accounts as detailed in the report, the Chairman said the amount remaining to be spent on capital account at June 30th on authorised votes was £20,366, as was indicated by the consulting engineer in his report, additional capital expenditure was called for in the current year and new votes had been authorised to the amount of £96,712, making, with the unexpended authorisations at the close of the year, a total of approximately £117,000. That expenditure would not all be made during the current financial year owing to the ever-lengthening period required to obtain imported machinery and plant and for the reason that some of the work contemplated could not in any case be completed within one year.

The increasing depth of Main Reef and Main Reef leader workings necessitated heavy expenditure on ventilation, particularly in the western section of the mine, and on the provision of fourth stage hoisting in No. 3 shaft. Those two major schemes were estimated to require expenditure of slightly in excess of £50,000 over the current and next succeeding financial years.

ADDITIONS TO PLANT AND BUILDINGS

New workshops and buildings were required and improvements to reduction and treatment plants were in progress at an estimated cost of £20,462. Owing to an increase in tonnage last year the plant had been operated at maximum capacity and consequently no improvement in residues had been obtained. Additions now to be made, when brought into effective use, should result in a drop in value of residues.

Continuing, he said:—It will thus be seen that our capital expenditure programme is of a heavy nature. The items which I have mentioned will, however—so far as we can at present judge—cover essential capital works up to June 30, 1939, and average annual expenditure thereon, spread over two financial years, will not exceed that of the past year.

FEATURES OF THE YEAR'S DEVELOPMENT

The Chairman summarised the chief features of the year's development as follows:—

- (1) The payable ore developed on all reefs at 3,355,000 tons was 172,500 tons greater than the previous year's tonnage, the average value being practically unchanged.
- (2) Between No. 3 shaft and the eastern boundary values exposed on Main Reef leader showed a slight decline.
- (3) Between Nos. 3 and 4 shafts satisfactory tonnage of Main Reef leader was added to reserve, but in the lowest levels of these shafts little payable ore was disclosed.
- (4) In the north-west section of the mine Main Reef the Main Reef leader and south reef all yielded encouraging results.
- (5) East of No. 2 shaft favourable prospects were disclosed of opening up a payable south reef.
- (6) On Bird reef, between the ninth and fifteenth levels, development was satisfactory, but no payable exposures were made on the twenty-third level. Sinking of a new incline shaft (No. 10) was begun on this reef to explore the area to the east of that controlled by No. 9 shaft.

THE ORE RESERVES

Referring to the available ore reserves, which showed an increase of 1,465,600 tons, the Chairman said:—This very substantial ore reserve is highly gratifying, especially at the present time when the supply of native labour, after a long period of plenty, has fallen below the complement required for full maintenance of all departmental operations. Since the close of the year the rate of development has been slowed down in consequence of the decreased native labour force.

The report and accounts were adopted unanimously.

MODDERFONTEIN EAST, LIMITED

STEADY PROGRESS AND EXPANSION

MR R. S. G. STOKES ON THE FAVOURABLE
OUTLOOK

The annual general meeting of Modderfontein East, Limited, was held, on the 27th instant, at Johannesburg.

Mr. R. S. G. Stokes, the Chairman, in reviewing what he described as "a period of steady progress and expansion," referred to heavy increases in the amounts levied upon the company in respect of taxation and lease consideration, the increases having been due primarily to adjustment of factors upon which amortisation allowance is based. The taxation and lease consideration, together amounting to £304,902, represented, he said, an unjustifiably heavy burden of over 47 per cent. of the company's working profit.

A further marked increase in the scale of operations had been recorded during the year, the tonnage milled having been raised from the average capacity of 105,000 to 112,000 tons per month. There had been a satisfactory reduction in working costs from 19s. 2d. to 18s. 8d. per ton milled, in spite of a small increase in the percentage of surface sorting. Since June 30, 1934, the fall in costs had been 2s. per ton. The consequent lowering of the pay limit had resulted in a satisfactory improvement in the company's mining prospects, which were influenced, in increasing measure, by the successful exploitation of low-grade ore.

DEVELOPMENT RESULTS

Discussing development results, the Chairman said the general tendency towards a decline in grade upon the easterly extension, to which he had referred last year, continued. Subsidiary development in the western section served by No. 3 Shaft and in the central portion of the mine had given gratifying results, but the percentage of payability disclosed by advanced development from No. 1 and No. 5 Shafts had been generally low. The tonnage of payable ore developed, amounting to 1,371,680 tons, valued at 4.7 dwt., had been somewhat less in quantity and value than the results obtained in the previous year. The available ore reserve at the end of the year showed an increase of 384,800 tons and a decline of 0.1 dwt. in value.

The Chairman continued: A strong ore reserve and good prospects of developing large additional resources have warranted a policy of further expansion up to the maximum capacity of our mine and shafts. This programme involves heavy capital expenditure. It is estimated that the bulk of the work will be finished before the end of the current financial year.

PROVISION FOR EXTENSION OF MINING AREA

After summarising the work in progress, which included installation of larger electric winders at Nos. 1 and 5 Shafts, sinking of a new sub-incline shaft, the Clover Incline, and installation of electric compressors at Nos. 1 and 5 Shafts, the chairman continued:—Provision has to be made not only for the increasing scale of operations but also for the rapid extension of our mining area. Moreover the gradual exhaustion of No. 2 Circular Shaft section will necessitate the hoisting of larger tonnages at shafts serving other areas, and consequently greater hoisting capacities at those shafts.

The advanced workings are to-day two miles from the nearest vertical shaft, and in a few years' time should be nearly three miles distant, representing a length of underground haulage between the development ends and the shaft unequalled upon the Witwatersrand. The need for sinking a new vertical shaft has been advantageously obviated by the programme outlined.

In addition to the new plant erected at the reduction works during the past year it was now proposed to instal two more tube mills and an extra slime treatment plant in order to bring the milling capacity up to 120,000 tons per month.

CAPITAL REQUIREMENTS

The programme would involve an expenditure of approximately £150,000 as from the close of the last financial year. A circular had been issued to the shareholders stating that in the opinion of the board the best interests of the shareholders would be served by the issue of a certain number of new shares so that the bulk of the company's capital requirements could be provided out of new funds and cash in hand without serious encroachment upon the distributable profits. It was therefore proposed that the capital of the company be increased from £930,805 to £950,000 by the creation of 19,195 new shares of £1 each, and that these should be issued to the best advantage of the company at the discretion of the directors. The proposal would be submitted to the shareholders for their sanction at an extraordinary general meeting on November 15th.

The Chairman stated that the company's application to the leases board for the consolidation of the two different lease scales under which it had been operating had been accepted.

The Chairman concluded:—The grade of ore milled during the current year is likely to be slightly lower than that for the past 12 months, but with the prospects of increased mill tonnage and assuming the maintenance of present industrial conditions the current outlook for the company is very favourable.

The report and accounts were adopted unanimously.

RHOKANA CORPORATION, LIMITED

PROFITS EXCEED £2,000,000

The fifteenth annual ordinary general meeting of the Rhokana Corporation, Limited, was held, on the 27th instant, in London.

The Right Hon. Sir Auckland C. Geddes, P.C., G.C.M.G., K.C.B. (the chairman), said that the profit and loss account showed a final figure of profit of £2,019,866 carried to the balance-sheet. They had decided to recommend the payment of a final dividend of 3½ per cent., less tax, on the ordinary and A shares. The balance to be carried forward would be £231,507.

Looking back at the financial year as a whole, he thought its outstanding feature was the series of extraordinary changes in the copper markets of the world. The average price for cash standard copper on the London Metal Exchange had risen from £34 18s. 11d. per long ton for the year ended June 30, 1936, to £50 9s. 8d. for the year ended June 30, 1937. In spite of various increases of production by the copper producers and the final removal of all restrictions on January 14, 1937, the price of copper had continued to rise until it had reached its peak of £78 2s. 6d. on March 11. After an average of £72 9s. for March it had gradually fallen until the average for June was £55 15s.

Various causes had been ascribed for the high prices, but the fact remained that the real consumption of copper outside the United States over the whole year had shown a substantial increase over the preceding year.

Turning to their mining operations at Nkana and Mindola, there had been a substantial reduction in their operation costs. The total tonnage of ore hoisted during the year was 2,663,100 short tons, compared with 1,766,174 short tons in the previous year, and the production of fine copper in the form of blister and electrolytic totalled 75,254 long tons, as compared with 50,399 long tons for the previous year.

He had often said that they regarded their investment in Mufilira Copper Mines as a potential source of large profit. Their expectations were now beginning to be realised. Its net profit had risen from £142,189 for the year ended June 30, 1936, to £649,998 for the year ended June 30, 1937. As a result it was able to pay a dividend in September last of 3s. per share, of which the Rhokana proportion taken into the profit and loss account for the year amounted to £144,826. They looked forward to satisfactory dividends in the future.

The report was unanimously adopted.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to:—

The Reporting Manager,

THE ECONOMIST,

8 Bowverie Street,

Fleet Street,

London, E.C.4.

Telephone: Central 8631

UNITED TIN AREAS OF NIGERIA,
LIMITED

HOPEFUL PROSPECTS

The twelfth ordinary general meeting of the United Tin Areas of Nigeria, Limited, was held, on the 27th instant, in London.

Sir Harry S. Foster, J.P., D.L. (the chairman), dealing with the items in the balance sheet, said that their holding of 152,552 shares in Gold and Base Metal Mines of Nigeria, Limited, was proving a valuable asset and had again brought them a dividend during the year amounting to £727. That dividend, according to their information, would be at least repeated during the current year, with the prospect of a material increase.

The Gurum areas continued to provide the bulk of the output and they might look for an increased production from that sector from now on owing to the installation of an 8-in. gravel pumping plant. In that connection he would read to them the general manager's remarks in his annual report. He said: "The installation of the plant at Gurum would materially add to the production and enable a better use of the water supply to be made. In spite of the greater demand for labour, we have managed to hold ours satisfactorily. A successful year may be anticipated with every confidence."

Their Nasarawa areas were situated approximately 100 miles due south of the Gurum areas and had been pegged during the early part of 1936 upon their engineers' reports that indications were favourable. He was glad to say that the engineers had not been mistaken and, although the deposits were not considerable, they were informed that the area was opening up satisfactorily.

Their remaining areas, purchased a couple of years ago from the United Africa Company, Limited, were spread rather widely over the Nigerian Plateau, but, owing to their close association with the Gold and Base Metal Mines of Nigeria, Limited, and to the fact that that company's organisation was at their disposal, they were able to operate those areas economically. The general manager informed them that they would come into fuller production during the coming dry season, which must be about commencing. They had every reason to look forward to a satisfactory year, and he saw no reason why they should not at least maintain their dividend distributions.

The report was unanimously adopted.

ALLIED BAKERIES, LIMITED

CAPITAL PROPOSALS APPROVED

An extraordinary general meeting of Allied Bakeries, Limited, was held, on the 26th instant, in London, at which a resolution increasing the authorised capital to £2,250,000 in £1,000,000 five-and-a-half per cent. cumulative preference shares of £1 each and 5,000,000 ordinary shares of 5s. each was carried unanimously.

Mr W. Garfield Weston (chairman of the company) presided and explained that since the last meeting the board had acquired, or were in the process of acquiring, old-established businesses of proven merit and progressive growth in Stoke-on-Trent, Manchester, Liverpool, Glasgow, and Edinburgh. Each of these businesses fell in with the plan the board had mapped out for developments in certain areas that would enable their control to operate with due regard to economy and for the best interests of the organisation as a whole. The names of those businesses were Handley Bakeries, Limited, of Manchester, G. Embrey, Limited, of Stoke-on-Trent, Thomas Scott and Sons (Bakers), Limited, of Liverpool, Martins Bakeries, Limited, of Edinburgh, and Walter G. McAulay and Sons, of Glasgow and Greenock, and each individual business had a long record of earnings and profits, and in every case the same management that had made the business successful had been retained.

He would assure the shareholders that the total assets of their company would bear a higher ratio to the preference capital in issue than that shown in the last balance sheet, and the profits, based on the current earnings of the companies being acquired, would be maintained on the high level the board had been able to report for the last year.

As showing their confidence in the company the vendors of the companies in question were taking the bulk of the purchase price in preference and ordinary shares at substantial premiums; the balance of the shares to be issued to provide the necessary cash had been placed privately on terms more advantageous to the company than could have been obtained from the shareholders or by means of a public issue.

He thought he could say that from the figures already available there was every prospect of an increased ordinary dividend for the coming year, and would state that an interim dividend would be declared shortly.

GOODE DURRANT AND MURRAY, LIMITED

CONTINUED IMPROVEMENT

The thirty-ninth ordinary general meeting of Goode Durrant and Murray, Limited, was held, on the 25th instant, at Winchester House, London.

Mr William E. Pennick (the chairman) said: The accounts show a considerable improvement on last year's result, and enable us to recommend a further payment on account of arrears of the preference dividend. This result has been achieved in spite of a continuance of somewhat difficult trading conditions, and the lot of the wholesale warehouse has not yet reached the same point of prosperity which is being enjoyed by some other sections of the community.

Australia continues to make a very excellent recovery from the dark days, and, provided the ruling prices for their primary products are maintained at a fair level, there is reason to expect even more prosperous times, in which we should share.

The profit for the year amounted to £38,447, as against £24,409 last year. All sections in Australia and the operations of our London office in buying for clients in all parts of the world contributed to this result.

The question of exchange as between London and Australia has been referred to again in the report, and, if the authorities should decide to stabilise the exchange at its present high rate of £125 10s. Australian for £100 sterling, we could then create an exchange reserve from the valuations of our fixed assets, which are considerably higher than the book values, without having recourse to the profit for the year.

In April last we decided to make a payment of one year's dividend on the 165,000 preference shares, and to-day we are recommending the payment of another one and a-half year's dividend on the same shares, and one year's dividend on the 110,000 preference shares issued to D. and W. Murray, Limited, and this will bring the dividends paid up to the amount due in April, 1935.

With regard to the current year, our trade is increasing in a satisfactory manner, and the latest telegrams from our branches are generally of an encouraging character.

The report was unanimously adopted.

BUENOS AYRES GREAT SOUTHERN RAILWAY COMPANY, LIMITED

MORE ENCOURAGING RESULTS

The ordinary general meeting of this company was held, on the 27th instant, in London.

Sir Follett Holt, K.B.E., M.Inst.C.E., the chairman, in the course of his speech, said: We are fortunately able to present to you to-day more encouraging results than were possible at our meeting last year. The outstanding feature of the present report to my mind is that the increase of £1,070,000 in receipts entailed an increase of only 8.15 per cent. of that amount in working expenses, this low ratio being attributable in a great measure to the success of the plan initiated four years ago to combine the working of the Southern and Western systems.

There is another and a good feature of the report. To those proprietors who may have lost heart, and not without some cause, it will be encouraging to know that the total amount of business handled by the railway during the year when measured in ton miles was a record in its history. I say to them that the Great Southern continues to be a very virile undertaking with only one trouble, a major one it is true, namely, that it does not receive at present a living wage for its services.

The results of the year leave, in effect, £36,000,000 of our capital unremunerated, or, in other words, in round figures, 50 per cent. of our total capital receives full remuneration and 50 per cent. receives no remuneration at all. We are, as you must be, completely dissatisfied with this result.

Apart from the crop failures the special calamity from which we have suffered since 1934, as you too well know, has been exchange. Our railway and business were built up in the main on the basis of 11.45 pesos being worth £1. Last year, based on actual remittances, the company required 15.94 pesos to purchase each £1, this being 3.2 per cent. better than in the previous year, but even this rate of 15.94 represented a loss on our remittances of 28 per cent. The effect upon the company is referred to in the report before you, but in any event we shall continue to press our claim for special consideration and for other measures which are urgently required.

The report and accounts were unanimously adopted.

BUENOS AYRES AND PACIFIC RAILWAY COMPANY, LIMITED

HEAVY LOSS ON EXCHANGE

The ordinary general meeting of the members of the Buenos Ayres and Pacific Railway Company, Limited, was held, on the 28th instant, at Winchester House, Old Broad Street, London.

Viscount St. Davids (the chairman) said that during the year full interest on the first and second debentures had been paid on the due dates, three payments being made in December, March and July, each of one-half year's interest on account of arrears of interest on the Buenos Ayres and Pacific 4½ per cent. consolidated debenture stock and the Argentine Great Western 5 per cent. debenture stock. Payment of a further half-year's interest would be made on December 1st next on account of arrears of interest on the Buenos Ayres and Pacific 4½ per cent. consolidated debenture stock and the Argentine Great Western 5 per cent. debenture stock.

Their total profit for the year to June 30, 1937, came to £1,120,513, and their loss on exchange was £752,348. Had exchange been at par during the year, it was obvious that the results to their company would have been exceedingly different. The loss on exchange they had suffered amounted to 40 per cent. of their total profit.

As to the general situation, they had seen the peso go down in sterling value from 11.45 to the £ to 17 to the £, and they had hoped for better times—increased production, more traffic and a lessened wages bill, and they had waited nearly four years. These facts had been recognised by responsible people in Argentina. The Government had named a National Commission way circles had stated, with justice, the company's case, so, on Argentine authorities had to take a decision which vitally affected the future of their country. It was, briefly: Could they afford to allow their railways to sink into a state of starvation and neglect? It was a matter for statesmen in Argentina to deal with, and it was with every hope that they looked forward to the new Government with which they were hoping to be able to work wholeheartedly towards the better development of this great country, but they wanted help. As to the prospects of the current year, they might have as good a year as last year, but they would be very lucky indeed if they did very much better.

The report was unanimously adopted.

ASSAM RAILWAYS AND TRADING COMPANY, LIMITED

MOTOR COMPETITION

The fifty-seventh annual general meeting of the Assam Railways and Trading Company, Limited, was held, on the 27th instant, in London.

Mr E. A. A. Joseph (chairman of the company), who presided, said that the directors shared the disappointment probably felt by the shareholders at the results of the year's work, but what he would say later might qualify their disappointment a little. He visited India again last winter, and the change since he last saw the country nine years previously which had impressed him most was the amazing development of motor traffic. For almost the whole length of their railway there was now a metal road on prices to the bone and subject to little or nothing in the way of taxation and regulations.

To meet that intensive competition they had to keep their services as frequent and convenient and as cheap as they could, and in that they had not been altogether unsuccessful. The two railways of which he had spoken last year would be shipped within a week or two.

He knew of no reason to expect a falling off in oil traffic, and the tea trade was now doing well, which should mean more money spent in Assam on goods moving over the railway. Colliery prospects were, he thought, better, and the smaller departments—timber and veneer mills and brickworks—had all done well. They had given notice to pay off the 6 per cent. notes at the end of £3,600.

As to the year under review, the general revenue account showed only a balance of £74,000. That was sufficient for the preference shares but left no margin for the "A" stock. The report was unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended October 23, 1937, amounted to £18,365,000, against ordinary expenditure of £10,374,000. After decreasing Exchequer Balances by £452,748 the operations for the week, as shown below, decreased the gross National Debt by £8,444,000, to about £8,223 millions.†

(No increases)	£
Treasury Bills	5,694
Public Department Advances	2,450
P.O. and Tele. (Money) Acts	300
	8,444

† Including £575 millions on account of Exchange Equalisation Account.

An approximate analysis of the National Debt as at September 30, 1937, appeared on page 41 of *The Economist* of October 2.

REVENUE	Receipts into the Exchequer				
	Estimate for the year 1937-38	April 1, 1936, to Oct. 24, 1936	April 1, 1937, to Oct. 23, 1937	Week ended Oct. 24, 1936	Week ended Oct. 23, 1937
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	288,150,000	57,811,000	66,781,000	1,510,000	3,205,000
Sur-tax	58,000,000	6,380,000	7,360,000	2,100,000	250,000
Estate, etc., Duties	89,000,000	47,970,000	51,820,000	1,690,000	1,690,000
Stamps	29,000,000	11,970,000	11,240,000	480,000	230,000
Other Inland Revenue	1,500,000	130,000	150,000	...	...
Duties	2,000,000	...	...	...	...
National Defence Contribution	467,650,000	124,261,000	137,351,000	4,090,000	5,375,000
Total Inland Revenue					
Customs and Excise—					
Customs	219,850,000	119,908,000	126,530,000	5,255,000	4,814,000
Excise	113,150,000	62,000,000	65,100,000	2,800,000	6,400,000
Total Customs and Excise					
Motor Vehicle Duties	34,000,000	29,183,000	9,349,000	1,500,000	1,600,000
Post Office (Net Receipt)	11,800,000	8,400,000	8,110,000	280,000	...
Crown Lands	1,350,000	910,000	640,000	...	...
Receipts from Sundry Loans	4,300,000	3,063,247	3,547,985	94,102	...
Miscellaneous Receipts	11,000,000	13,851,248	8,437,184	366,398	175,835
Total Ordinary Revenue					
SELF-BALANCING REVENUE					
Post Office (Revenue required to meet expenditure on Post Office and Broadcasting)...	75,198,000	36,550,000	39,090,000	850,000	900,000
Total					
		378,126,495	398,155,169	15,235,500	19,264,835

EXPENDITURE	Issues out of the Exchequer to meet payments from				
	Estimate for the year 1937-38	April 1, 1936, to Oct. 24, 1936	April 1, 1937, to Oct. 23, 1937	Week ended Oct. 24, 1936	Week ended Oct. 23, 1937
ORDINARY EXPENDITURE					
Interest and Management of National Debt	224,000,000	127,674,083	130,400,280	268,694	573,583
Payments to Northern Ireland	8,000,000	3,593,698	3,673,093	361,464	...
Exchequer	3,200,000	1,349,460	1,886,091	...	...
Other Consolidated Fund Services	300,000	...	...	...	...
Post Office Fund	235,500,000	132,617,241	135,959,464	630,158	573,583
Total					
Total Supply Services (excluding Post Office and Broadcasting)	627,348,000	296,667,939	331,428,747	7,575,000	9,800,000
Total Ordinary Expenditure					
SELF-BALANCING EXPENDITURE					
Post Office Vote and Vote for Broadcasting	75,198,000	36,550,000	39,090,000	850,000	900,000
Total					
		465,773,920	506,478,211	9,055,158	11,273,583

† Including margin for Civil Supplementary Estimates but excluding £80,000,000 estimated to be met from borrowed moneys under the Defence Loans Act, 1937.

‡ Motor Vehicle Duties apportioned to Road Fund treated as Self-Balancing in 1936-37 now added to Revenue and Expenditure figures for purposes of comparison.

The aggregate issues and receipts from April 1, 1937, to October 23, 1937, are shown below:—

(000's omitted)	£
Ordinary Revenue	359,065
Decrease in balances	378
Gross borrowing	313,460
Less:—	
New sinking Fund	5,506
Old S. Fund, 1907-08	9
Net borrowing	307,945
	667,388

POSITION OF THE FLOATING DEBT

	Oct. 24, '36	Mar. 31, '37	Oct. 23, '37	Oct. 23, '37
Ways & Means Advances Outstanding	£	£	£	£
Advances by Bank of England	19,750,000	23,535,000	31,980,000	2,450,000
Advances by Public Departments	831,495,000	674,595,000	887,905,000	5,695,000
Treasury Bills outstanding	...	...	...	...
Total Floating Debt				
	851,245,000	698,130,000	919,885,000	8,145,000

* Includes £1,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £45,000,000 Treasury Bills were opened on October 22, 1937. The amount applied for was £86,320,000. Tenders were accepted for Treasury Bills at three months dated Monday to Friday at £99 17s. 4d. about 37 per cent. and above, in full; Saturday at £99 17s. 5d. and above, in full. The average rate per cent. was 10s. 4.97d.

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 4, 1935	30,000,000	49,560,000	27,500,000	0 6 1.64
July 5, 1935	40,000,000	60,905,000	40,000,000	0 12 4.32
January 3, 1936	35,000,000	68,075,000	35,000,000	0 10 10.72
July 3, 1936	50,000,000	72,750,000	50,000,000	0 12 1.27
January 1, 1937	40,000,000	75,450,000	40,000,000	0 12 5.68
April 2, 1937	45,000,000	73,025,000	43,000,000	0 10 10.88
July 2, 1937	45,000,000	72,860,000	42,000,000	0 11 0.45
October 1, 1937	50,000,000	84,285,000	50,000,000	0 10 9.02
October 15, 1937	50,000,000	88,145,000	50,000,000	0 10 9.28
October 22, 1937	45,000,000	86,320,000	42,000,000	0 10 4.97

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended September 18, 1937	538,245	403,884
Week ended September 25, 1937	543,744	407,808
Week ended October 2, 1937	571,992	428,994
Week ended October 9, 1937	617,973	463,480

THE BANKERS' GAZETTE

BANK OF ENGLAND

RETURN FOR WEEK ENDED WEDNESDAY,

OCTOBER 27, 1937

ISSUE DEPARTMENT

Notes Issued:—	£	Government Debt	£
In Circulation	483,147,986	Other Government Securities	11,015,109
In Banking Department	43,258,639	Other Securities	188,229,075
		Silver Coin	746,025
		Amount of Fiduciary Issue	200,000,000
		Gold Coin and Bullion	326,406,625
	526,406,625		526,406,625

BANKING DEPARTMENT

Proprietors' Capital	£	Government Securities	£
Rest	14,553,000	Other Securities:—	100,238,165
Public Deposits*	3,131,531	Discounts and Advances	...
Other Deposits:—	32,174,384	Securities	£8,108,686
Bankers	£87,678,784		£20,909,315
Other Accounts	£36,594,926	Notes	29,018,001
	124,273,710	Gold and Silver Coin	43,258,639
			1,617,820
	174,132,625		174,132,625

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

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Both Departments	Amount, Oct. 27, 1937	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation.....	483,147,986	- 1,198,186	+ 4,406,792
Public deposits.....	32,174,384	+ 2,399,931	+ 4,586,525
Bankers' deposits.....	87,678,784	+ 1,650,635	+ 1,145,553
Other deposits.....	36,594,926	+ 343,215	+ 4,774,194
Total outside liabilities.....	639,596,080	+ 105,675	+ 41,344,677
Capital and reserves.....	17,884,531	+ 4,716	+ 6,192
Government debt and securities.....	299,482,340	+ 433,544	+ 37,654,491
Discounts and advances.....	8,108,686	+ 1,640,914	+ 1,807,899
Other securities.....	21,655,340	- 2,136,363	+ 858,260
Silver coin in issue department.....	9,800	- 2,939	+ 25,700
Coin and bullion (bank's reserves).....	328,024,445	+ 36,115	+ 78,369,037
Reserves of notes and coin in banking department.....	44,876,459	+ 1,162,071	+ 22,037,755
Proportion of reserve to outside liabilities.....			
(a) Banking Department only ("proportion").....	28.7%	+ 0.6%	- 14.3%
(b) Gold stocks to deposits and notes ("reserve ratio").....	51.3%	No change	+ 9.6%

(000's omitted)

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1937	₹	₹	₹	₹	₹	₹	%
Oct. 6	526,407	491,834	17,954	102,131	38,805	Nil	2 1/2
" 13	526,407	489,859	26,060	92,911	36,413	Nil	2 1/2
" 20	526,407	484,346	29,774	89,329	36,252	Nil	2 1/2
" 27	526,407	483,148	32,174	87,679	36,593	Nil	2 1/2

(000's omitted)

Date	Issue Department		Both Depts.		Banking Department				
	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio ¹		Govt. Securities	Discounts & Advances	Other Securities	Reserve and the "Proportion"	
1937	\$	\$	\$	%	\$	\$	\$	%	
Oct. 6	199,693	297	328,104	50 1/2	106,533	10,837	20,897	36,270	23 1/2
" 13	199,409	579	328,145	50 1/2	105,088	9,248	20,437	38,286	24
" 20	199,446	542	328,061	51 1/2	99,603	6,468	23,250	43,714	28 1/2
" 27	199,244	746	328,024	51 1/2	100,238	8,109	20,809	44,878	28

¹ Revised.

† Revised.

BANKERS' CLEARING RETURNS

LONDON (000's omitted)

	Town	Metropolitan	Country	Total
1937				
January 1 to October 13	29,149,682	1,704,754	2,993,208	33,847,644
Week ended October 20	685,056	41,793	74,595	781,444
Week ended October 27	684,691	40,653	67,237	792,581
Total to date, 1937	30,499,429	1,787,200	3,135,040	35,421,669
Total to date, 1936	27,911,067	1,647,793	2,859,758	32,418,618
Increase or decrease in 1937	+2,588,362	+139,407	+275,282	+3,003,051
	+9.3%	+8.5%	+9.6%	+9.3%
Total for year 1936	35,039,356	2,039,620	3,537,598	40,616,574
Total for year 1935	32,443,575	1,887,112	3,229,064	37,559,751
Increase or decrease in 1936	+2,595,781	+152,508	+308,534	+3,056,823
	+8.0%	+8.1%	+9.6%	+8.2%

PROVINCIAL (000's omitted)

	Week ended October 23		Month of September (Dublin excluded)			Aggregate Totals, January 1 to October 23	
	1936	1937	1936	1937	Inc. or Dec.	1936	1937
No. of working days :	£	£	26	26	—	£	£
BIRMINGHAM	2,186	2,248	10,426	9,744	— 6.5	108,926	109,845
BRADFORD	925	809	3,890	3,708	— 4.6	40,889	43,428
BRISTOL	1,229	1,329	5,498	5,446	— 0.9	53,674	54,264
DUBLIN	5,086	5,347	...	...	...	238,349	244,899
LIVERPOOL	831	913	3,452	3,588	+ 3.9	34,671	38,634
MANCHESTER	806	823	3,648	3,929	+ 7.7	39,117	42,583
LEICESTER	654	652	2,975	3,113	+ 4.6	30,669	31,908
LIVERPOOL	6,442	6,959	25,795	25,894	— 0.3	258,492	294,164
MANCHESTER	10,044	9,946	42,473	43,404	+ 2.1	427,051	464,614
NEWCASTLE	1,355	1,596	5,422	6,297	+ 16.1	55,131	62,649
NOTTINGHAM	462	440	1,943	1,869	— 3.8	21,309	21,695
SHEFFIELD	803	834	4,042	4,264	+ 5.4	42,131	45,989
	30,823	31,896	109,564	111,256	+ 1.5	1,350,209	1,454,650

APPOINTMENTS AND PERSONAL

Singer Motors announce that Mr H. M. Emery, general manager, has been appointed managing director, and that Mr A. E. Hunt has been appointed a director. Mr Hunt will continue to act as secretary.

National Bank of Australasia have appointed Mr Rodney Rouse Dangar, of Sydney, to the board of advice in New South Wales, to fill vacancy created by the recent death of Sir Colin Stephen.

Mr J. W. Beauchamp, commercial manager of the Central Electricity Board, is retiring at the end of October.

The Governments of Southern Rhodesia, Northern Rhodesia and the Bechuanaland Protectorate have nominated the Right Honourable Viscount Trenchard to the board of the Rhodesia Railways, and he was elected on October 20th.

Mr M. C. Taylor has resigned as chairman of United States Steel Corporation, and will be succeeded next April by Mr Edward Stettinius, Jun.

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Bank of Turkey appeared in *The Economist* for June 26, 1937. Denmark and International Settlements in October 5. Bulgaria, Hungary, Austria and Czechoslovakia in October 6. Canada, Danzig, Greece, Java, Norway, Portugal, Reichsbank and Federal Reserve Repository Members in October 23.

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

U.S.F.R. BANKS	Oct. 29, 1936	Oct. 7, 1937	Oct. 14, 1937	Oct. 21, 1937	Oct. 28, 1937
RESOURCES					
Gold Certificates on hand and due from the Treasury	8,635,830	9,127,390	9,128,890	9,128,390	9,126,390
Total cash reserves.....	8,635,830	9,127,390	9,128,890	9,128,390	9,126,390
Total bills discounted.....	265,820	300,810	293,760	303,900	315,480
Deposits—Member bank—					
Total cash reserves.....	6,110	23,080	23,450	18,480	23,430
Bills bought in open market	3,090	2,810	2,830	2,830	2,830
Total bills on hand.....	9,200	25,870	26,280	21,310	26,260
Industrial advances.....	28,300	19,890	19,620	19,480	19,450
Total U.S. Govt. securities	2,430,230	2,526,190	2,526,190	2,526,190	2,526,190
Total bills and securities	2,465,720	2,571,740	2,572,080	2,569,980	2,571,900
Total resources.....	12,065,570	12,756,420	12,774,300	12,834,710	12,760,480
LIABILITIES					
Federal Reserve notes in actual circulation.....	4,086,240	4,284,340	4,291,520	4,270,220	4,256,100
Aggregate of excess member bank reserves over requirements—Member bank—					
reserve account.....	2,160,000	1,090,000	990,000	1,020,000	1,070,000
Government deposits.....	6,732,000	7,003,030	6,918,900	6,938,800	6,950,730
Total deposits.....	99,900	76,180	83,230	81,560	94,050
Capital paid in and surplus	7,051,550	7,500,590	7,459,890	7,498,930	7,529,350
Total liabilities.....	302,850	305,970	306,000	306,150	306,150
Ratio of total reserves to deposit and F.R. note liabilities combined.....	80.0%	80.1%	80.2%	80.2%	80.2
U.S.F.R. BANKS AND TREASURY COMBINED					
Monetary Gold Stock.....	11,031,000	12,765,000	12,784,000	12,793,000	12,801,000
Treasury and National Bank Currency.....	2,514,000	2,596,000	2,601,000	2,605,000	2,607,000
LIABILITIES					
Money in circulation.....	6,302,000	6,589,000	6,585,000	6,546,000	6,519,000
Treasury Cash and Deposits with F. R. Banks.....	2,490,000	3,686,000	3,717,000	3,736,000	3,760,000

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted)

	Oct. 29, 1936	Oct. 7, 1937	Oct. 14, 1937	Oct. 21, 1937	Oct. 28, 1937
Total gold reserves.....	3,307,040	3,628,520	3,572,980	3,638,020	3,692,690
Total bills discounted.....	4,950	14,180	14,840	9,000	9,000
Bills bought in open market	1,100	1,000	1,000	1,000	1,000
Total U.S. Govt. securities	645,240	725,030	725,030	725,030	725,030
Total bills and securities	657,590	744,920	745,380	739,730	736,780
Deposits—Member bank—					
reserve account.....	2,920,450	3,142,940	3,039,970	3,072,840	3,106,960
Ratio of total res. to dep. and Federal Res. note liabilities combined.....	85.0%	84.6%	84.4%	84.8%	85.0%

AUSTRALIAN COMMONWEALTH BANK

In £'s (000's omitted)

ASSETS	Oct. 26, 1936	Sept. 27, 1937	Oct. 4, 1937	Oct. 11, 1937	Oct. 18, 1937	Oct. 25, 1937
Gold and English sterling	16,002	16,007	16,007	16,007	16,007	16,007
Other coin, bullion and cash	5,771	5,443	5,379	5,389	5,288	5,288
Money at short call—London	21,275	55,820	34,790	37,901	36,065	35,994
Short-term loans	8,106	2,641	2,860	2,849	3,039	3,136
Securities	74,667	77,668	77,668	77,667	78,022	78,022
Discounts and advances	8,752	10,180	10,520	10,470	10,452	10,717
LIABILITIES						
Notes issued	47,038	48,284	48,284	48,784	48,784	48,784
Reserve premium on gold	7,753	7,753	7,753	7,753	7,753	7,753
Deposits	71,894	83,776	83,699	86,348	84,836	84,879

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

ASSETS	Oct. 19, 1936	Sept. 27, 1937	Oct. 4, 1937	Oct. 11, 1937	Oct. 18, 1937	Oct. 25, 1937
Gold	2,801	2,801	2,801	2,801	2,801	2,801
Sterling exchange	16,542	19,086	17,492	17,567	17,706	17,706
Advances to State	3,117	4,565	4,146	4,106	4,278	4,278
Investments	2,186	2,906	2,906	2,906	2,906	2,906
LIABILITIES						
Bank notes	11,330	12,994	12,954	13,081	13,117	13,117
Demand liabilities—Govt.	3,839	5,153	5,216	5,233	5,130	5,130
Other liabilities	8,112	9,567	7,896	7,596	7,853	7,853
Ratio of reserves to sight liabilities.....	83.1%	78.9%	78.3%	78.6%	78.3%	78.3%

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

ASSETS	Oct. 16, 1936	Sept. 17, 1937	Sept. 24, 1937	Oct. 1, 1937	Oct. 8, 1937	Oct. 15, 1937
Gold coin and bullion	22,929	22,938	22,938	22,938	22,938	22,938
Bills discounted: Foreign	5,207	6,052	6,385	6,136	5,490	5,870
Investments	1,733	1,725	1,725	1,725	1,725	1,725
Other assets	11,325	10,667	10,532	10,882	10,757	10,794
LIABILITIES						
Notes in circulation	14,002	15,317	15,241	17,307	16,388	15,968
Deposits: Government	2,247	1,899	2,499	1,899	1,758	2,162
Bankers	19,340	19,458	18,373	17,999	17,971	18,131
Ratio of cash reserves to liabilities to public.....	59.9%	59.4%	58.7%	57.4%	57.7%	57.4%

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

ASSETS	Oct. 23, 1936	Oct. 8, 1937	Oct. 15, 1937	Oct. 22, 1937
Gold coin and bullion	44,417	44,417	44,417	44,417
Rupee coin	67,80,665	61,80,10	61,80,10	61,80,10
Exchange securities	7,45,59	10,72,07	10,72,07	10,72,07
Indian Government rupee securities	67,31,71	80,30,70	80,30,70	80,30,70
Investments	23,41,67	27,38,52	27,38,52	27,38,52
LIABILITIES				
Notes in circulation	5,40,44	7,00,34	7,00,34	7,00,34
Deposits: Government	1,71,52,04	1,85,21,93	1,85,21,93	1,85,21,93
Banks	8,72,10	11,92,61	11,92,61	11,92,61
Ratio of gold and sterling to liabilities	28,41,11	23,51,77	23,51,77	23,51,77
	58.1%	58.4%	58.4%	58.3%

* Held against notes.

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

	Oct. 23, 1936	Sept. 30, 1937	Oct. 7, 1937	Oct. 14, 1937	Oct. 21, 1937
ASSETS					
Gold.....	64,358,742	55,805,022	55,805,022	55,805,022	55,805,022
Advances on Gold Coin	1,189,740			11,164,702	10,570,144
Commercial Bills.....	7,292,389	10,418,148	11,517,183	791,734	791,734
Bills bought abroad.....	1,453,090	793,207	791,734		4,216,941
Advances on securities.....	3,704,896	5,515,096	5,218,181	4,539,870	
Loans to State without interest: (a) general	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
(b) provisional.....	12,302,602	25,998,786	26,918,460	26,918,460	26,918,460
Negotiable Bonds, Sinking Fund Dept.	5,639,780	5,637,303	5,637,303	5,637,303	5,637,303
Other assets (excluding forward exch.)	3,647,146	5,371,401	4,375,090	4,155,244	4,178,541
LIABILITIES					
Notes in circulation.....	85,240,889	91,369,635	90,991,404	90,624,516	90,100,934
Public debt.....	4,214,776	2,351,120	2,171,801	2,273,583	2,462,500
Private deposits.....	9,546,973	13,785,254	15,821,173	15,821,084	15,930,626
Other liabilities.....	3,785,747	3,252,952	3,627,585	3,493,153	3,445,088
Ratio of gold reserve to sight liabilities	64.9%	50.9%	50.6%	51.3%	51.7%

Comparison with previous weeks

Short Loans	Bank Bills			Trade Bills		
	3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
1937	%	%	%	%	%	%
Sept. 30	1-1	1-1	1-1	2-2	2-2	2-3
Oct. 7	1-1	1-1	1-1	2-2	2-2	2-3
" 14	1-1	1-1	1-1	2-2	2-2	2-3
" 21	1-1	1-1	1-1	2-2	2-2	2-3
" 28	1-1	1-1	1-1	2-2	2-2	2-3

LONDON RATES OF EXCHANGE

1.—Spot Rates (Range of the day's business)

London on	Par of Exch. per £	Oct. 22, 1937	Oct. 23, 1937	Oct. 25, 1937	Oct. 26, 1937	Oct. 27, 1937	Oct. 28, 1937
New York, \$.	14.86	4.95-95	4.95-95	4.95-95	4.94-95	4.95-95	4.95-95
Montreal, \$.	4.86	4.94-95	4.94-95	4.94-95	4.94-95	4.94-95	4.95-95
Paris, Fr.	124.21	146-1/2	146-1/2	146-1/2	147-1/2	147-1/2	147-1/2
Brussels, Bel.	35.00	29.33-39	29.33-39	29.33-39	29.33-39	29.33-39	29.33-39
Milan, L.	92.46	94-1/2	94-1/2	94-1/2	94-1/2	94-1/2	94-1/2
Zurich, Fr.	25.22	21.48-51	21.48-51	21.48-51	21.48-51	21.48-51	21.48-51
Athens, Dr.	375	540-555	540-555	540-555	540-555	540-555	540-555
Hong Kong, M.	193.23	225-226	225-226	225-226	225-226	225-226	225-226
Madrid, Pt.	25.22	60-100	60-100	60-100	60-100	60-100	60-100
Lisbon, Esc.	110	110-110	110-110	110-110	110-110	110-110	110-110
Amst'dm, Fl.	12.107	8.95-96	8.95-96	8.95-96	8.95-96	8.95-96	8.95-96
Berlin, Mk.	20.43	12.31-34	12.31-34	12.31-34	12.31-34	12.31-34	12.31-34
Registered Marks							
Vienna, Sch.	34.58	25-27	25-27	25-27	25-27	25-27	25-27
Bu'pest, Pen.	27.82	24-25	24-25	24-25	24-25	24-25	24-25
Prague, Kc.	164	141-1/2	141-1/2	141-1/2	141-1/2	141-1/2	141-1/2
Danzig, Gul.	25.00	26-26	26-26	26-26	26-26	26-26	26-26
Warsaw, Zl.	43.38	26-26	26-26	26-26	26-26	26-26	26-26
Riga, Lat.	25.22	24-25	24-25	24-25	24-25	24-25	24-25
Bucharest, Lei	813.8	660-685	665-685	665-685	665-685	665-685	665-685
Const'ple, Pat	110	620*	620*	620*	620*	620*	620*
Belgrade, Din.	276.32	211-221	211-221	211-221	211-221	211-221	211-221
Konovo, Lit.	48.66	29-30	29-30	29-30	29-30	29-30	29-30
Sofia, Lev.	673.66	390-420	390-420	390-420	390-420	390-420	390-420
Tallinn, E. Kr.	18.159	17-18	17-18	17-18	17-18	17-18	17-18
Oso, Kr.	18.159	19-20	19-20	19-20	19-20	19-20	19-20
St'holm, Kr.	18.159	19-20	19-20	19-20	19-20	19-20	19-20
Cop'h'gen, Kr.	18.159	22-25	22-25	22-25	22-25	22-25	22-25
Alex'ria, Pst.	87	97-1/2	97-1/2	97-1/2	97-1/2	97-1/2	97-1/2
Er. India Rup.	18.159	18-1/2	18-1/2	18-1/2	18-1/2	18-1/2	18-1/2
Hong Kong, \$.	12.11	8.91-95	8.91-95	8.91-95	8.91-95	8.91-95	8.91-95
Kobe, Yen.	15.89	16-16	16-16	16-16	16-16	16-16	16-16
Shanghai, \$.	28.1	28-1/2	28-1/2	28-1/2	28-1/2	28-1/2	28-1/2
Singapore, \$.	12.11	8.91-95	8.91-95	8.91-95	8.91-95	8.91-95	8.91-95
Batavia, F.	15.89	16-16	16-16	16-16	16-16	16-16	16-16
Rio, Mil.	15.89	16-16	16-16	16-16	16-16	16-16	16-16
B. Aires, \$.	11.45	16-16	16-16	16-16	16-16	16-16	16-16
Valparaiso, \$.	40	27-28	27-28	27-28	27-28	27-28	27-28
Mexico, Pes.	17.38	18-19	18-19	18-19	18-19	18-19	18-19
Manila, P.	9.76	17-18	17-18	17-18	17-18	17-18	17-18
Moscow, Rbl.	24.66	24-24	24-24	24-24	24-24	24-24	24-24
B'ngkok, Baht	121.82	22-22	22-22	22-22	22-22	22-22	22-22

Usage: T.T., except Alexandria (Sight); Rio de Janeiro, Lima, Valparaiso (90 days).
 * Sellers. † Par per unit of local currency. ‡ Par 8-23 1/2 since dollar devaluation on February 17, 1934.
 (a) Prior to devaluation on April 2, 1935. (b) Official Rate. (c) Per cent. discount.
 (d) Latest "export" rate. (e) Official rate is 4 1/2. (f) Official rate is 4 1/2.
 (g) Average remittance rate for importers. Rate for payments to the Bank of England. (h) For account Controller of Anglo-Italian debt; (i) under Anglo-Spanish Agreement; (j) under Anglo-Turkish Agreement; (k) Nominal.

II.—Forward Rates.
(Closing quotations)

London on	Oct. 22, 1937	Oct. 23, 1937	Oct. 25, 1937	Oct. 26, 1937	Oct. 27, 1937	Oct. 28, 1937
New York, cent.	1 Month (d) 1-1/2	1 Month (d) 1-1/2	1 Month (d) 1-1/2	1 Month (d) 1-1/2	1 Month (d) 1-1/2	1 Month (d) 1-1/2
Paris, fr.	1 Month (d) 2-1/2	1 Month (d) 2-1/2	1 Month (d) 2-1/2	1 Month (d) 2-1/2	1 Month (d) 2-1/2	1 Month (d) 2-1/2
Amsterdam, ct.	1 Month (d) 1-1/2	1 Month (d) 1-1/2	1 Month (d) 1-1/2	1 Month (d) 1-1/2	1 Month (d) 1-1/2	1 Month (d) 1-1/2
Brussels, cent.	1 Month (d) 1-1/2	1 Month (d) 1-1/2	1 Month (d) 1-1/2	1 Month (d) 1-1/2	1 Month (d) 1-1/2	1 Month (d) 1-1/2
Geneva, cent.	1 Month (d) 1-1/2	1 Month (d) 1-1/2	1 Month (d) 1-1/2	1 Month (d) 1-1/2	1 Month (d) 1-1/2	1 Month (d) 1-1/2

(p) Premium, i.e. "under spot." (d) Discount, i.e. "over spot."

NEW YORK MONEY AND EXCHANGE RATES
The Irving Trust Company cables the following money and exchange rates in New York:—

	Oct. 28, 1937	Sept. 29, 1937	Oct. 6, 1937	Oct. 13, 1937	Oct. 20, 1937	Oct. 27, 1937
Call money	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Time money (90 days) raised coll.	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Bank acceptances	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Non-memo—eligible, 90 days	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Commercial accept., 90 days	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2

Rates of Exchange, New York on—	Par Level	Oct. 28, 1936	Oct. 13, 1937	Oct. 20, 1937	Oct. 27, 1937
London—					
60 days					
Cable					
Cheques					
Paris—					
60 days					
Cable					
Cheques					
Brussels					
Switzerland					
Italy					
Vienna					
Madrid					
Amsterdam					
Copenhagen					
Oso					
Stockholm					
Athens					
Montreal					
Yokohama					
Cebu					
Calcutta					
Buenos Aires					
Rio de Janeiro					

THE BANK OF LONDON AND SOUTH AMERICA, LTD., has received telegraphic advice from Valencia that the gold surcharge for payment of Spanish customs duties has been fixed for the period October 21st at 220.96 per cent. The previous rate was fixed as from October 11th at 220.96 per cent.

Overseas bank rates and exchange rates for South Africa and Australasia appeared in the issue of October 2nd on page 45. Exchange quotations for Central and South America were given in the issue of October 16 on page 140.

GOLD AND SILVER

The following statistics of imports and exports of gold and silver for the week ended October 28, 1937, are issued by the Statistical Department of H.M. Customs and Excise.

IMPORTS AND EXPORTS OF GOLD
(Into and from United Kingdom)

Imports	From		Exports	To	
	Bullion*	Coin†		Bullion*	Coin†
Channel Islands	8,400	520	British India	4,020	£
British W. Africa	208,977	£	Finland	22,744	£
British S. Africa	1,538,988	£	Netherlands	538,411	£
Tanganyika	21,221	£	France	172,600	£
Kenya	7,977	£	Syria	56,450	£
Uganda	2,529	£	Switzerland	270,900	£
Australia	274,451	£	Austria	48,400	£
British Guiana	2,847	£	Yugoslavia	300,164	£
Germany	3,166	£	Egypt	520,234	£
Netherlands	2,109	£	U.S.A.	1,499,048	£
Belgium	215	£	Argentina	82,234	£
France	29,504	£	Other countries	368	£
Switzerland	27,045	£			
Venezuela	4,018	£			
Other countries					
Total	2,131,447	£ 53,950	Total	3,280,759	£ 79,935
		85,746			231,635

IMPORTS AND EXPORTS OF SILVER

Imports	From		Exports	To	
	Bullion*	Coin†		Bullion*	Coin†
Hong Kong	£	£	Palestine	£	£
Germany	8,653	3,078,030	Anglo-Egyptian	1,380	1,850
Belgium	297	13,373	Sudan		
France	5,647	66	Aden		
Switzerland	1,689	71	New Zealand	29,590	
Other countries			Denmark	15,389	
			France	4,020	
			Portugal	18,322	
			U.S.A.	1,604	
			Egypt	5,450	
			Other countries	28,840	283
Total	15,969	3,091,489	Total	58,793	47,554

* At current market value. † Coin which is of legal tender in the United Kingdom is entered at face value and shown in italics. Other coin is entered at current market value.
 No gold movements were reported at the Bank of England between October 22nd and 28th. Details of previous movements were given in the issue of October 2nd on page 46.

GOLD MARKET

Messrs Samuel Montagu and Company write on October 27, 1937:—
 The Bank of England gold reserve against notes amounted to £326,406,625 on October 20th, showing no change as compared with hands at the daily fixing during the week. There was a large general demand and prices were maintained at a premium over dollar exchange parity ranging from 1 1/4 to 3/4. The a.s. "Cathay" which sailed from Bombay on October 23rd, carries gold to the value of about £128,000.

DIVIDEND ANNOUNCEMENTS

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

Name of Company	* Interim or † Final	Date of Pay- ment	Comparison with Last Year	Total	
				Latest Year	Previous Year
BANKS					
British and Continental Banking	...	...	...	25	24
RAILWAYS					
Tatnel Railway	...	...	...	1	1
INSURANCE					
Legal and General Assurance	29d ps*	Jan. 1	...	...	...
Phoenix Assurance	6 1/2 ps	Dec. 15	Same	...	...
Thames and Mersey Marine	6 1/2 ps*	Nov. 15	...	...	...
TEA AND RUBBER					
Batu Caves Rubber	2 1/2%*	Nov. 11	Nil*	...	5
Batu Lintang Rubber	5%†	Nov. 6	...	13	5
Bukit Pulai Rubber	...	Nov. 30	...	24	24
Chubwa Tea	11 1/2%*	Dec. 7	6 1/2%†	15	6
Consolidated Estates	4%*	Nov. 24	Nil*	9	8
Golden Hope Rubber	3 1/2%*	Nov. 30	Nil	4	4
Hevea (Burmah) Company	4%*	Nov. 30	2%*	7 1/2	4
Johore Para Rubber	4%*	Nov. 30	3%*	2 1/2	9
Lunava (Ceylon) Tea, etc.	4%* a	Nov. 30	2%*	...	...
Monerakelle Rubber	4%*	Nov. 16	Nil*	...	...
Rambutan Rubber	4%*	Nov. 24	Nil*	...	...
Rubber Plantations Investment	4%*	Nov. 30	Nil*	...	...
Sumatra Para Rubber	4%*	...	Nil*	6	5
Sungei Matang Rubber	...	Nov. 15	...	7 1/2	5
Tenasserim Plantations	...	...	...	...	...
United Temiang Rubber	...	...	...	...	...
MINING					
Broken Hill South	25%*	Dec. 17	12 1/2%*	50	52 1/2
Lake View and Star	12 1/2%*	...	Same	...	...
Do. do.	12 1/2%*	Nov. 25	Same	15	15
London Nigerian Tin	5%*	Nov. 16	Same	...	...
Naraguta Karama Areas	37 1/2%*	Dec. 10	Nil*	...	...
North Kalguri (1912)	2 1/2 p.s.*	Nov. 24	Same	...	...
Union Corporation	...	...	...	10	12 1/2
OTHER COMPANIES					
Aircrow	15%*	Nov. 19	Same	...	...
Anglo-American Telegraph Ord.	15%*	Nov. 1	Same	...	...
Anglo-Portuguese Telephone	3%*	Nov. 15	Same	...	8
Anglo-Italian Oil	5%*	...	4%*	...	9
Argentine Navigation (10% Pref.)	3%*	...	Same	8	6
Argentine Southern Land	3%*	...	Same	...	7
Associated Clay	2%*	Nov. 16	Same	16	16
Banker's Investment Trust (Def.)	10%†	...	Same	7 1/2	3 1/2
Berger (Lewis) and Sons	...	...	...	25	16
British and Continental Plantations Trust	2 1/2%*	...	Same	20	20
British Match Corporation	4 1/2-4d ps	Nov. 1	...	20	20
Brockhouse (J.) and Company	...	...	...	...	...
Catarral and Swarbricks Brewery	15%*	...	Same	...	20
City and Provincial Stores	5%*	Nov. 11	Same	...	...
Clan Line Steamers	5%*	Nov. 30	Same	...	...
Clark's Bread	2%*	Dec. 1	Same	...	...
Coast Lines	3 1/2%*	...	Same	...	...
Debutent Securities Investment	5%†	Nov. 4	...	7 1/2	4
Delaney (John)	...	...	...	10	5
Dick (R. and J.)	...	...	First	7 1/2	...
Pictograph Telephones	(a) 15%*	...	Same	...	...
Ever Ready Company	3%*	Dec. 1	...	5	2
First Conversion Investment	(b) 20%*	...	Same	...	6
Gordon Selfridge Trust	3%*	Dec. 1	Same	...	...
Great Universal Stores	3%*	Nov. 2	Same	10	7 1/2
Hamiltons Taverns	7 1/2%*	Dec. 1	Same	...	20
Hatherley Works	7 1/2%*	Dec. 1	Same	9	8
Hesketh Estates	4%*	Nov. 15	Same	...	...
Horden Collieries	2 1/2%*	...	...	...	...
Hovis, Ltd.	2 1/2%*	...	...	...	...
Imperial Airways	4%*	...	...	...	...
Imperial Continental Gas	4%*	...	...	...	...
King Line	2 1/2%*	...	...	...	...
Lancashire Steel Corporation	3%†	...	Same	5 1/2	4 1/2
London and Colonial Investment (Defd.)	25%†	Nov. 13	12 1/2%†	30	17 1/2
London Marine Investment	28-65d	Nov. 13	Nil	...	...
Lomoro (William) and Co. (21) Do. (special distribution)	29-6d	Nov. 13	Nil	...	...
Mexican Eagle Oil (7% 1st Pref.)	15%†	Nov. 23	11 1/2%†	23	17 1/2
Mitchells and Butlers	5%*	Nov. 1	Same	...	...
Malkin Tiles (Burslem)	(b) 34%*	Nov. 10	Same	227 1/2(b)	117 1/2
Montague Burton	125%†	...	Nil	4	Nil
Morris (Herbert)	2 1/2%†	Nov. 24	Same	10	10
New Zealand and Australian Land	5%†	...	...	7	5
Perry Leeson and Partners	41%†	...	4%†	7	6
Railway and General Investment	41%†	...	2%*	5	Nil
Second Scottish Investment	3%*	Nov. 24	...	...	...
Securities Trust of Scotland	(c) 2%*	Nov. 15	1 1/2%*	...	...
Selangor Oil Palm	4%*	Dec. 10	Same	6	5 1/2
Southend Station (Defd.)	3 1/2%*	Nov. 15	7 1/2%*	...	...
Southern Areas Electric	7 1/2%*	Nov. 10	Same	...	...
Stanton Ironworks	4%*	Nov. 30	Same	...	...
Ste Madeleine Sugar	3 1/2%*	Nov. 15	Same	...	...
Thrift Stores (Defd.)	7 1/2%*	Nov. 10	Same	...	...
Tier	4%*	Nov. 30	Same	...	...
Tweedales and Smalley	3%*	...	...	...	...
Urban Electric Supply	5%*	Nov. 4	...	...	...
Valor Company	7 1/2%*	Nov. 27	Same	...	...
Venezuelan Oil Concessions	4%*	Nov. 30	Same	...	...
Williamsons	42%*	Dec. 3	1 1/2%*	...	...
Yorkshire Amalgamated Collieries	...	...	...	...	...

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

WHILE there has been no evidence as yet of a resumption of large-scale buying, the movement of the prices of primary products has been irregular this week, some markets registering recovery, while others showed a further decline of quotations.

Among non-ferrous metals, for example, lead and spelter are slightly dearer on the week, but copper and tin were marked-down. Tin fell further in price, despite the decision of the International Tin Committee to reduce quotas next year in the absence of an improvement in demand. Linseed was cheaper on a poor demand, easier freight rates and reports that the quantity of unsold seed still available in Argentina had been underestimated. Rubber prices, too, took a further downward turn in the absence of support.

The market in wheat, on the other hand, was firm, quotations in Liverpool showing an appreciable rise over the week. The market in tea was less buoyant and raw sugar was marked down in price. At Smithfield, there was little change in meat prices. Quotations for bacon were reduced, but butter was again dearer.

WEEKLY TRAFFIC RETURNS RAILWAYS OF GREAT BRITAIN AND IRELAND

(b) Week ended Oct. 23, 1937 (c) Week ended Oct. 22, 1937.	Miles Open	Gross Receipts, week ended Oct. 24, 1937 (£'000)					Aggregate Gross Receipts, compared with 1936 (42 weeks) (£'000)				
		Passen- ger, etc.	Merchandise, etc.	Coal and Coke	Total Goods	Total Receipts	Passen- ger, etc.	Merchandise, etc.	Coal and Coke	Total Goods	Total Receipts
Great Western { 1937 3,738 194 225 117 342 536 { 1936 3,739 189 210 108 318 507							9,393 8,419 4,661 13,080 22,473				
(c) L. & N. { 1937 6,315 304 389 268 657 961 { 1936 6,332 284 369 247 616 900							14,607 14,175 10,351 24,526 39,133				
L. M. & S. { 1937 6,669 468 545 263 808 1,276 { 1936 6,897 440 521 244 765 1,205							13,958 13,680 9,699 23,379 37,337				
Southern { 1937 2,157 280 71 29 100 380 { 1936 2,158 273 70 32 102 375							22,330 20,688 10,618 31,306 53,636				
Total { 1937 19,079 1,246 1,230 677 1,907 3,153 { 1936 19,121 1,186 1,170 631 1,801 2,987							60,305 45,903 26,876 72,779 133,084				
(c) Belfast & Co. Down { 1937 80 1-7 0-5 2-2 112-3 20-2 132-5 { 1936 80 1-7 0-5 2-2 113-8 20-7 136-5							57,845 44,483 25,171 69,654 127,499				
(c) Great Northern { 1937 543 10-3 9-3 19-6 481-5 395-1 876-6 { 1936 543 8-5 9-9 18-4 468-3 408-8 878-1											
(c) Great Southern { 1937 2,076 33-2 49-3 82-5 1,579-2 1,735-0 3,314-2 { 1936 2,124 29-4 49-2 78-6 1,562-9 1,788-7 3,331-6											

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

	Great Western	L.M.S.	L.N.E.R.	Southern
Second half-year, 1936, compared with second half-year, 1935	£	£	£	£
Gross increase or decrease...	+ 491	+ 1,575	+ 751	+ 378
First half-year, 1937, compared with first half-year, 1936				
Gross increase or decrease...	+ 670	+ 1,329	+ 1,187	+ 359
Second half-year, 1937, compared with second half-year, 1936				
16 weeks to Oct. 23, 1937...	+ 427	+ 754	+ 609	+ 250
Weekly average second half 1937...	+ 26 1/2	+ 47 1/2	+ 38 1/2	+ 15 1/2
Latest week 1937 compared with 1936	+ 29	+ 71	+ 61	+ 6

LONDON TRANSPORT

	Takings (before pooling)	Compared with corresponding period of last year
Week ending Oct. 23, 1937	£570,700	+ 7,600
Aggregate 17 weeks to Oct. 23, 1937	£9,544,000	+ 32,300

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week	Gross Aggregate Receipts
				1937	+ or -
				1937	+ or -
INDIAN					
Anam Bengal	27	Oct. 10	1,330	Rs. 15,73,500	+ 77,805
Barsi Lt. Ry.	26	Sept. 30	202	Rs. 236,900	+ 8,600
Bengal & N. Western	1	Oct. 1	2,111	Rs. 77,70,434	- 1,27,002
Bengal-Nagpur	27	Oct. 10	3,268	Rs. 26,27,000	+ 4,36,153
Bombay, Bar. & C.I.	28	Oct. 10	3,072	Rs. 30,48,000	+ 2,62,000
Madras & S. Mah.	26	Sept. 30	3,229	Rs. 18,27,000	+ 77,380
Rohilk'd & Kumaon	1	Oct. 10	546	Rs. 11,50,414	- 5,905
South Indian	26	Sept. 30	2,332	Rs. 16,75,446	+ 1,64,056
				Rs. 2,81,01,988	+ 10,78,148

In the United States, the trend of the prices of many primary products was again sharply downwards. Thus, 1931=100 fell from 166.9 to 160.2 during the week ended last Wednesday. A month ago the index stood at 188.8 and at 182.3 a year earlier.

COAL

SHEFFIELD.—The position of the coal market is strong, and collieries owing to the mild weather and stocks are being accumulated. Industrial coal for coke and electricity works is in strong demand, and coke requirements are unabated, blast furnace qualities being especially active. Business on the export market is not so good, and inquiries are disappointing owing to keen competition from the Continent, prices in this country being too high.

NEWCASTLE-ON-TYNE.—The North East coal market shows little prompt trade for screened, but it is generally thought that a spell of cold weather would put this position right. Graded steams are a good market, being little surplus coal of any description, and everything points to active trade over the winter. Gas collieries are well booked, and coking coal is as scarce as ever. Inquiry for coke from abroad is slow, but home demand is as high as ever, and producers are working at capacity.

WORKINGTON.—The coal trade is exceedingly brisk. Landsale is reviving and there is still the same clamour for industrial fuel, notably for smalls for coking. The surplus available for Ulverston and the Free State is seldom more than 5,000 tons weekly. Coke is in heavy request by Cumberland and North Lancashire iron smelters. Prices are firm. Best round stands at 23s. 6d.; washed doubles at 22s.; washed singles at 21s.; round nuts at 20s. 6d.; smalls are 15s. 6d. Best house coal is 35s. 8d.; house nuts, 34s. at station. Gas coal is 27s.; local coke, 15s. 6d. to 16s. 6d.

CARDIFF.—The outstanding feature of the export market during the past week has been the weakness of freight rates for the Mediterranean, the Plate, and other far destinations. Since the beginning of the month the voyage rate for the Plate has dropped from 14s. 9d. to 12s., for Alexandria from 11s. 4d. to 8s. 9d., and for Marseilles from 12s. 9d. to 11s. The only important direction in which the September rates have been maintained is that of the coasting trade. This slump in the shipping position has lowered the c.i.f. prices of coals to foreign ports, but it has not stimulated demand to any appreciable extent, and collieries continue to depend mainly on their contract commitments. At the South Wales ports last week shipments totalled 442,000 tons, compared with 430,600 tons the previous week, and 366,422 tons in the corresponding period last year, and the increase in the volume of the foreign and coastwise trades for the current year to October 24th was nearly 3.4 million tons. Quotations for all classes of coals are unchanged, with, however, those for sized and washed grades relatively firmer than for large classes. Coke is also scarce and firm. Ex-ship pitwood prices are unaltered, and the differences between the collieries and the French exporters over the price of timber to be delivered in the December quarter under the coal-pitwood barter agreement are still unadjusted.

IRON AND STEEL

LONDON.—The weekly report of the London Iron and Steel Exchange indicates that although in some departments of the iron and steel markets supplies are easier than for many months, the general situation remains tight and the pressure from consumers to obtain deliveries is unrelaxed. Little new business is being transacted at the moment, for producers are concentrating upon reducing their overcrowded order books, and most consumers are waiting until information is available regarding the prices which will rule next year. The quiet period may be expected to continue for a time, but this will afford relief to the steelmakers, who are provided with sufficient work to keep them busily occupied over the first quarter of 1938, and in some cases beyond.

The situation in the pig iron market is much less difficult than a few weeks ago. Consumers of foundry iron are now receiving regular supplies, and in most cases have covered their requirements until the end of the year; producers having sold their output for as far forward as they care to go, and not inclined to accept fresh commitments.

The demand for semi-finished steel shows no sign of shrinking, and the heavy production of the British works, however, combined with larger supplies from abroad, promise an improvement in the near future.

Business in finished steel has been quiet, but substantial deliveries are being made to the consuming industries. Export demand remains dull, but a good tonnage is still due against contracts.

SHEFFIELD.—Conditions in the iron and steel market are unchanged. New business is not being entered into by producers with any alacrity. Few odd parcels of forge or foundry are on the market, and producers have no opportunity of replenishing their exhausted stocks. Arrears of delivery under contract are to some extent being overtaken. In hematite, apparently managing to accumulate some small reserves. Makers of finished East Coast business is easier to place than is West Coast. Makers of finished iron are in some cases booked to the end of the year. Plenty of new orders await acceptance, buyers preferring home-produced in strong request, and variety. Both basic and acid steel billets continue in strong request, and in numerous cases sellers' books are closed, pending the working off of heavy arrears. Stainless steel sheets, wire rods and steel strip are as active as ever.

Official returns show that the production of Yorkshire and Derbyshire pig iron is well in advance of a year ago, while Sheffield's production of steel in September has set up a fresh record with a tonnage of 115,200.

MIDDLESBROUGH.—The general position regarding iron and steel in this area is unchanged, with the exception that imports of foundry pig iron and semi-manufactured steel from the Continent have provided better supplies for local foundries and re-rollers. Two further cargoes of basic iron are expected in the Tees shortly from America, and this will be used entirely in the local steelworks, whose production of this class of iron is insufficient to meet the enormous demands of the steelmakers. Actually there are 21 furnaces in this area producing basic pig iron. It is understood that the price of basic iron in this country has been fixed for a further six months at 100s. per ton, less 5s. rebate, but none of the iron produced locally comes on to the market, being all consumed in local steelworks. One furnace continues to produce Cleveland foundry pig iron in this area, whilst there are 13 in operation on hematite pig iron and two on other kinds. The total, therefore, now operating is 37. So far, there has been no indication of any change in the price of hematite pig iron, and producers are keeping consumers here and in the Midlands well supplied against old contracts.

Steelworks are exceptionally busy, having orders on their books which will cover outputs for several months ahead. Prices are unchanged.

Good Durham blast furnace coke is not available in large quantities, and the price is well maintained at 42s. per ton delivered at the furnaces. Foreign ore business is being transacted in odd lots, freights from the Mediterranean continuing to ease, whilst Bilbao/Middlesbrough remains at 13s. 6d. per ton.

The scrap market is steady, with plenty of demand for local supplies of heavy steel scrap at official figures.

WORKINGTON.—The hesitancy in the North-West Coast hematite pig-iron trade is due to the awaiting by makers of the revision of prices that is imminent. Until the new figure is announced, makers are not prepared to extend their commitments over the first half of next year. That six months' production will be marketed quickly is not doubted here. Consumers will accept all the hematite pig-iron they can get, and in fact the output of another furnace or two would be welcome. Consumers are especially short of the special qualities for high-class steel making, but the scarcity will continue, for current maximum production does not satisfy needs. Of the seven furnaces on hematite only two are exclusively on low-phosphorus iron, and some part of this is being shipped overseas. Sixty-five per cent. of what is being smelted by five other furnaces is absorbed locally, so that the spill-over for the market is small. And it remains impracticable to change over two furnaces at Ulverston from basic to hematite. Prices are firm. Bessemer mixed numbers stand at £6 3s. per ton at Glasgow; £6 8s. 6d. at Manchester; £6 11s. at Sheffield; and £6 14s. 6d. at Birmingham, with an additional 5s. 6d. to 16s. 6d. extra for special brands. Malleable is £8 delivered at Birmingham, and, like ferro-

manganese at £18 15s. home, is a keen market. Steelmakers have on their books orders that will require another eight months for completion. Workington is rolling rails, billets, bars and slabs, and Barrow is on rails, hoops and strip. Native ore is in short supply at 24s. 6d. f.o.t. There continue to be heavy importations of Swedish, North and West African ore.

GLASGOW.—Steelmakers in the West of Scotland continue to work at high pressure, but are unable to satisfy all the requirements of consumers. There is a great deal of business offering, but steelmakers are unwilling to make further contracts in view of their already heavy bookings which will practically absorb total output for some months to come. In regard to semis, while supplies are still insufficient for comfortable working arrangements, the Continental deliveries of material have eased the situation considerably so far as immediate needs are concerned. Demand for finished material is steady and, since it has been agreed that prices will remain unchanged for the home trade for sheets booked for delivery after December 31st, a number of buyers are endeavouring to fix contracts to cover their requirements for next year.

CARDIFF.—There has been a further slight increase in the volume of production in the tinplate industry, and there was also an improvement in the quantity exported, the official returns giving a total of 7,494 tons, compared with 6,607 tons the previous week and 4,540 tons in the corresponding period last year. In recent months the expansion in the exports of the United States, however, has been at a greater pace than that of the other members of the Cartel, and prices of Welsh tinplates are easier at from 24s. 6d. to 25s. per basis box. There has been no change, however, in the quotations for sheets, and pig iron, steel ingots and bars are firm at the current fixed prices.

OTHER METALS

COPPER.—After an early recovery, the cash price relapsed and closed on Wednesday showing a net loss of almost £1 on the week. Apart from the general nervousness, the deterioration of the copper position in the United States must be regarded as the chief reason for London's weakness. U.S. sales during October seem likely to be little more than 20,000 short tons, against no less than 178,801 short tons in the same month of last year. In consequence of this striking collapse of demand, American producers lowered their domestic price from 13 to 12 cents per lb. on Tuesday. The customs smelters are, however, already selling below that level, and it therefore seems unlikely that the reduction will result in an immediate revival of demand. The possibility of growing exports of copper from the United States is accordingly overshadowing the London market.

Sales on the London Metal Exchange: 2,650 tons on Monday, against 900 tons last week; 1,050 tons on Tuesday, against 3,300 tons last week; 1,150 tons on Wednesday, against 3,200 tons last week. Domestic spot was quoted at 10-57½ cents per lb. in New York on Wednesday, against 10-77½ cents a week ago and 11-92½ cents a month ago. Wednesday's official closing price for standard cash in London was £42 8s. 9d. to £42 11s. 3d. per ton, compared with £43 7s. 6d. to £43 10s. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 9,121 tons, showed a decrease of 509 tons, while stocks of rough copper, at 16,568, were 100 tons larger.

LEAD AND SPELTER.—Although closing on Wednesday well below the week's best, both lead and spelter showed a net gain on the week. There was no change in the basic position. The worst of the selling pressure seems to be over, but on the other hand consumers' interest is lacking. Although the statistical and technical position of both metals may be regarded as satisfactory, neither is likely to be able to resist the psychological influence of a possible further reaction in other commodities, especially in copper and tin.

Sales of lead on the London Metal Exchange: 1,700 tons on Monday, against 900 tons last week; 550 tons on Tuesday, against 4,500 tons last week; 350 tons on Wednesday, against 1,050 tons last week. The New York quotation on Wednesday was 5-50 cents per lb., against 5-50 cents a week ago and 6-00 cents a month ago. Wednesday's official closing quotation in London for soft foreign for shipment during the current month was £17 16s. 3d. to £17 17s. 6d. per ton, compared with £17 13s. 9d. to £17 15s. last week.

Sales of spelter on the London Metal Exchange: 2,900 tons on Monday, against 1,050 tons last week; 1,100 tons on Tuesday, against 3,250 tons last week; 825 tons on Wednesday, against 1,900 tons last week. Wednesday's quotation in East St. Louis was 5-75 cents per lb., against 6-00 cents the week before and 6-50 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £16 16s. 3d. to £16 17s. 6d. per ton, against £16 13s. 9d. to £16 16s. 3d. last week.

TIN.—After fluctuating widely, the cash price closed on Wednesday showing a further loss of £4 10s. per ton on the week. Consumers' interest was again lacking, and there was a report that certain American tinplate manufacturers were actually liquidating some of their tin stocks. According to the *Metallgesellschaft*, moreover, production from the world's tin mines showed a striking increase from 16,980 metric tons in August to 19,096 metric tons in September. The latter is the highest monthly figure so far recorded and brings total production during the first nine months of this year to 150,698 metric tons, against 130,464 metric tons in the corresponding period of last year. The concern felt by the principal high cost producers at the recent slump in tin prices was reflected in Monday's meeting of the International Tin Committee, called at the request of Bolivia.

A communiqué issued after the meeting stated that, although no definite decision would be taken until December 10th, the Committee had on the basis of present information come to the conclusion that the quota for the first quarter of 1938 should be 85 per cent. of standard. The effects of this decision, if it is enforced, will be by no means so drastic as might at first sight appear, for most of the restricting countries have recently been producing well below their present quotas. But, since exports have exceeded consumption since the end of March, the cut in the quota is unlikely to cause a contraction of stocks. On the contrary, it is expected that stocks will increase to not much less than 30,000 tons at the end of this year, and that they will remain at that level during the first few months of 1938. The fact that the International Committee resisted the temptation to impose an immediate curtailment of output suggests that it is still adhering to its more liberal policy, despite the drastic fall in tin prices.

Sales of tin on the London Metal Exchange: 725 tons on Monday, against 350 tons last week; 325 tons on Tuesday, against 610 tons last week; 240 tons on Wednesday, against 400 tons last week. The New York quotation on Wednesday was 47-62½ cents per lb., against 48-37½ cents a week ago and 55-62½ cents a month ago. Wednesday's official closing quotation in London for standard cash was £206 to £206 10s. per ton, compared with £210 10s. to £211½ a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 2,233 tons, a decrease of 979 tons on the week.

On sale at all railway bookstalls and good newsagents everywhere

WHOLESALE COMMODITY PRICES

UNITED KINGDOM: LONDON, October 27th

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

CEREALS AND MEAT				POTATOES—				WOOL—			
GRAIN, Etc.—				King Edward (per cwt.)				English Southdown, greasy, per lb.			
Wheat—				Other English.....				" Lincoln hog, washed			
No. 2, N. Man. 496 lb.	57	0		0 0 7 0				29			
Eng. Gaz. av., per cwt.	9	3		0 5				Queensland, scd. super cmbg.			
Barley, Eng. Gaz. av.	12	10		0 9 1/2				N.S.W. greasy, super cmbg.			
Oats, Maize, La Plata, landed	8	8		0 9				N.Z., grsy., half-bred 50-56			
480 lb.	30	6		0 9				Crossbred 40-44			
Flour, Lon. stan. ex mill,	38	9		57 0				Tops—			
280 lb.	10	0		63 0				Merinos 70's average			
Rice No. 2 Burma, per cwt.	10	0		2 3 2 9				" 64's			
MEAT—				Nutmegs, 65's				Crossbred 48's			
Beef, per 8 lbs.—	4	2	4 10	1 2				" 46's			
English long sides	4	0	4 4	SUGAR—				Leather—			
Argentine chilled hinds	4	0	4 4	(Duty, 11/8 per cwt.)				Sole Bends 8/14 lb.—			
Mutton, per 8 lbs.—	5	4	6 4	Centrifugals, 96's, prpt.				per lb.			
English wethers	5	4	6 4	shipm. c.f.f. U.K./Cont.				Bark Tanned Sole			
N.Z. frozen	8	4	4 0	B.W.I., crystallised				Shoulders fm DS Hides			
Lamb, per 8 lbs.—	4	10	5 4	Java, white, c. & f. India				Do. Eng. or WS do.			
N.Z. frozen	6	8	7 2	Oct.-Dec. Nominal.				Belles from DS do.			
Pork, English, per 8 lbs.	6	8	7 2	REFINED—London—				Do. Eng. or WS. do.			
OTHER FOODS				Yellow Crystals				Dressing Hides			
BACON—	per cwt.			Cubes				Ro. Eng. Calif. 20/30 lb.			
Irish	91	0		Crushed				Aust. Bends Avg. 7/10 lb.			
Danish	84	0	94 0	Granulated				Vegetable Oils—			
Dutch	90	0		Home Grown				Linseed, naked, p. ton net			
HAMS—				TEA—				Rape, refined			
Canadian	104	0		Indian—per lb.—				Cotton-seed, crude			
United States	102	0	104 0	Pekoe				Coconut, crude			
BUTTER—				Broken Pekoe				Palm			
Australian	149	0		Orange Pekoe				Oil Cakes, Linseed, Eng.			
New Zealand	149	0		Broken Orange Pekoe				per ton			
Danish	150	0		Ceylon—per lb.—				Oil Seeds—Linseed—			
CHEESE—				Pekoe				La Plata, p. ton, Oct.			
Canadian	71	0	72 0	Broken Pekoe				Calcutta—per ton			
New Zealand	70	0	70 6	Orange Pekoe				Turpentine, per cwt.			
English Cheddars	92	0	94 0	Broken Orange				PETROLEUM PRODUCTS—			
Dutch	69	0		TOBACCO—				Motor Spirit, No. 1,			
COCOA—				(Duty, 9/8-10/6 per lb.)				London			
(Duty, British grown,	per cwt.			Empire growth, 7/5				Petroleum, Amer. rid.			
11/8; foreign, 14/- cwt.)	per cwt.			8/84, per lb.				Pet. London, per gall.			
Accra, f.i.	27	6		Virginia leaf				Fuel oil, in bulk, for			
Trinidad	57	0	62 0	Common to fine				contracts, ex instal.			
Grenada	52	0	54 0	Rhodesian leaf				Thames			
COFFEE—				Nyasaland leaf				Furnace—per gall.			
(Duty, British grown,	per cwt.			strips				Diesel—per gall.			
4/8; foreign, 14/- cwt.)	per cwt.			East Indian leaf				ROBIN—			
Santos sup. c. & f. cwt.	47	0	65 0	" strips				American			
Colombian, good	55	0	65 0	TEXTILES				per ton 18/0/0			
Costa Rica, med. to good	40	0	90 0	COTTON—				RUBBER—			
East Indian	72	0	90 0	Mid-American				St. ribbed smoked sheet			
Kenya, medium	58	0	70 0	Sakellaridis, f.g.f.				per lb.			
EGGS—				Yarns, 32's twist				Fine hard Para per lb.			
English	per 120	6	21 0	60's twist				SHRELLAC—			
Danish	14	9	15 0	FLAX—				IN Orange			
FRUIT—Oranges—				Livonian ZK				SHRELLS—			
S. African	8	6	15 0	Pernau H.D.				W. Aust. M.-o.-P.			
Brazilian	9	6	11 6	Sianetz Medium, 1st sort				TALLOW—			
Lemons, Malaga	10	0	15 0	HEMP—				London town			
Sicilian	10	0	15 0	Italian P.C.				TIMBER—			
Apples: Amer. (var.) brls.	20	0	25 0	Manilla, Oct.-Dec. "J2"				Swedish u/s 3 x 8			
" Australian	7	6	11 9	Sisal, African				" 2 1/2 x 7			
ONIONS—				JUTE—				" 2 x 4			
Valencia, case	16	0	26 0	Native 1st mks				Can'da Spruce, Dls			
Egyptian, bags	16	0	26 0	c.l.f. H.A.R.B.				Pitchpine			
Grapes, Almeria, barrels	11	0	18 0	Oct.-Nov.				Rio Deals			
Grapefruit, Brazilian	11	0	18 0	Daisee 2/3 c.l.f. Dundee				Teak			
" S. African	11	0	18 0	Oct.-Nov.				Honduras Mang. logs			
LARD—				SILK—				African			
Irish, finest bladders	70	0	75 0	Canton				Amer. Oak Boards			
U.S.	62	6	62 0	Tussah				Ash			

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

UNITED STATES

New York quotations unless otherwise stated

	Oct. 28, 1936	Sept. 29, 1937	Oct. 20, 1937	Oct. 27, 1937		Oct. 28, 1936	Sept. 29, 1937	Oct. 20, 1937	Oct. 27, 1937
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	115 1/4	109	99 1/2	95 1/2	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	3-39	3-20	3-15	3-17
Maize, nearest future, Chicago, per bushel	95 1/2	65 1/2	59 1/2	58 1/2	Cotton, middling, spot, per lb.	12-12	8-50	8-51	8-33
Oats, nearest future, Chicago, per bushel	41 1/2	31 1/2	30 1/2	29 1/2	Rubber, smoked sheet, spot, per lb.	16 1/2	17 1/2	15 1/2	14 1/2
Rye, nearest future, Chicago, per bushel	83 1/2	81	72 1/2	73 1/2	Petroleum, Mid-continent crude 33 deg., to 33-90, at well, per barrel	104	116	116	116
Barley, nearest future, Chicago, per bushel	80 1/2	(a)	(a)	(a)	Copper, "Electrolytic," Domestic, spot, per lb.	9-97 1/2	11-92 1/2	10-77 1/2	10-57 1/2
Coffee, Rio No. 7, cash, per lb.	8 1/2	9	8 1/2	8 1/2	Copper, "Electrolytic," Export prompt, per lb.	10-20	12-15	11-00	10-80
" Santos No. 4, cash per lb.	10	11 1/2	11 1/2	11	Spelter, East St. Louis, spot, per lb.	4-85	6-50	6-00	5-75
Cocoa, Accra, nearest future, per lb.	8-12	6-36	5-78	5-90	Lead, spot, per lb.	4-70	6-00	5-50	5-60
					Tin, "Straits," spot, per lb.	45-57 1/2	55-62 1/2	48-37 1/2	47-62 1/2

(a) Nominal

THE ECONOMIST

Vol. CXXIX

NOVEMBER 6, 1937

No. 4915

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FINANCIAL NOTES

of peace, MR EDEN said that to get it he "would travel not only from Geneva to Brussels, but from Melbourne to Alaska." And finally, on the general issue of the Government's whole attitude of mind towards the problems of peace and war, the FOREIGN SECRETARY accepted to the full the doctrine of collective security: "we shall not get an enduring peace . . . until all nations accept to be bound, as we accept to be bound, by international law, and until the force against any potential aggressor is overwhelming." No British Foreign Secretary in office has ever gone further.

This was without question an effective Parliamentary speech. But it really shows very little progress. There were many firm words; but no signs of firm action. There was no hint of a change in a policy which, as can now be clearly seen, has developed into one long retreat from a position in which the pacific powers had ample means to secure the peace to one in which aggression is rampant and security almost dead. The speech had a *succès d'estime*, not because it said anything new, but because it said it uncommonly well. MR OLIVER STANLEY, on the other hand, was disappointing for precisely the opposite reason. He said a great deal; but with so many reservations and with so much emphasis upon the difficulties that it was hard to believe in his resolution. There was nothing in public life, he said, which he took so seriously or for which he would strive so hard as the possibility of an Anglo-American Trade Agreement. But what he had to say on the subject consisted far too largely of an array of the delays there must be, the difficulties that would arise and

the narrow scope within which such an Agreement would be possible.

In dealing with the main subject of the Liberal Amendment, the need for a forehanded policy to combat a recession of trade should one appear, MR STANLEY was greatly helped by an exaggerated statement from MR GREENWOOD that "there was bound to be a trade depression as bad as anything within living memory," and he had no difficulty in disposing of an assertion which nobody but MR GREENWOOD has made. But the evidence from both sides of the House of genuine and sober preoccupation with the industrial outlook was too impressive for the PRESIDENT to ride off with the airy and sweeping reassurances of the CHANCELLOR OF THE EXCHEQUER. There was even a hint that local authorities might do well to prepare schemes of public works for use in a depression. But as for the Government itself, he could only say that "they had constantly in mind the necessity for taking whatever practical steps were necessary to prevent a recurrence of the tragic years of 1929 to 1933."

Thus, in economic policy as in foreign affairs, the Government shows a tendency to deny the existence of dangers rather than to face them. But the debate also showed that the private member, on whichever side he sits, reacts quickly to manifest changes in the external atmosphere of affairs. Throughout the session he will serve as the medium through which the pressure of events as they develop will modify the inevitable tendency of a six-year-old Cabinet to linger in the contemplation of its present political security.

France's Popular Front

DURING the past two months the Popular Front in France has shown signs of cracking. It was inevitable that the transfer of the Premiership from the Socialist M. BLUM to the Radical M. CHAUTEMPS should cause heart-searching on the Left Wing. Indeed, some of the Socialist leaders are believed to have toyed with the idea of a fusion between the Socialist and Communist parties. But as in England, so in France, the vested interest of those professionally engaged in the working-class movement has proved a powerful obstacle; and in any case this change would have involved a definite break-up of the Popular Front, seeing that it would reduce the Radicals to a permanent minority group in a Left *bloc*, instead of being, as at present, the second among three. It is a sign of the temporary unsettlement that such a proposal should have been seriously canvassed. On the other hand, many of the Radicals were gravely disturbed by the renewed collapse of the franc in August and September and the halting of recovery attributed to the over-hasty application of M. BLUM's reforms.

Clearly, however, an internal upheaval in France, with disappointed workers ranged in angry opposition to the Government, would once again leave France in a condition of impotence at a time when it is most important that she should be strong. The democratic countries have, therefore, been watching with anxious interest to see whether the French Communists would make further progress at the cantonal elections and what the recent party conferences would reveal as to the attitude of the partners of the Popular Front. The results have been definitely re-assuring to all save those who would welcome France's disintegration.

The results of the cantonal elections a fortnight ago showed, not that France was swinging to the Left, but that her people were taking a realistic view of the situation and approved the swing back towards moderation

represented by the transfer of power from M. BLUM to M. CHAUTEMPS. They afforded no support whatever for those who fear that France is on the road to revolution. This evidence has been reinforced by the course and outcome of the conference of the Radical-Socialist Party at Lille on Friday and Saturday of last week. The note on which this party conference ended was one of restraint; and this marked disinclination to follow the heart rather than the head, when that could only have been done at a cost of pushing things to extremes, is impressive considering that moderation has been displayed at a moment when the Radical-Socialist Party as a whole is itself tending to swing to the Right.

This Right-ward drift is in part due to the uneasiness of the French provincial at the fall in the franc and the industrial difficulties so much advertised in the Press. But it is also due to the fact that the Radical-Socialist Right Wing is being reinforced nowadays by an influx of younger recruits who might formerly have joined one or other of the Right-Centre parties, but who now feel that these "fractions" are impractical and that the politics of MM. LAVAL and FLANDIN have been tried and found wanting. These new adherents of the Radical-Socialists look forward to seeing the party continue to play the dominant part in a coalition; but the Front Populaire is not the alignment of their choice. They would prefer to see the Radical-Socialists governing France with support from the Right rather than from the Left. The issue was raised at Lille on the first day; but when it came to the point everybody shrank from throwing the Front Populaire into a melting-pot in which it is just possible that the Radical-Socialist Party itself might suffer unexpected and unpleasant experiences.

The Socialists, naturally, are unwilling to surrender any of the social reform won last year or to postpone further progress indefinitely. Some of the reforms have been immensely popular—notably the holidays with pay,

which have enabled hundreds of thousands of workers to see the holiday resorts of their own country for the first time. But even the labour leaders have realised that the sudden application of the forty-hour week has made heavy weather for French industry. The Socialists are no keener than the Radical-Socialists are to see the forty-hour week reduce the economic life of France to chaos or to paralysis; and in the Popular Front Government, as at present constituted, there is likely to be agreement on a policy of introducing elasticity into the forty-hour week in detail—without impugning the principle—to whatever extent this may be necessary in order to make the wheels of French industry and commerce start turning again with reasonable smoothness and despatch.

In this the Socialists are partly moved by a common-sense conviction that half a loaf is better than no bread. They do not want to jeopardise the whole of their New Deal by giving their opponents a case for denouncing it as completely unworkable. They are also, doubtless, influenced by the patriotic feelings which found expression at Lille, where the Foreign Minister, M. DELBOS, declared in positive terms that France would come to the assistance of Czechoslovakia if she were the victim of aggression; and M. HERRIOT made a speech, in MR LLOYD GEORGE'S vein, which was an immense success, and which seems likely to carry M. HERRIOT back to his former commanding position in the party counsels. The conference throughout was skilfully handled by M. DALADIER, and survived a dangerous moment on the first day, when the Right Wing tried to take a snap vote on a motion which was evidently designed to make it impossible for the Socialists not to denounce the present alliance. But this manoeuvre was foiled; and the same afternoon saw the passage of a non-provocative resolution on general policy which was adopted unanimously and which was followed up next day by a declaration on domestic and foreign policy that avoided party polemics and was thus entirely innocuous to the whole Front Populaire.

This declaration did, however, take a rather decided

line on the colonial question, which is at the moment in the forefront of international controversy. The Socialist-Radical Party declared its readiness to consider the examination of international markets and the opening to all peoples of equal and easy access to essential raw materials; indeed, it went so far as to add that it would be for the honour of France to raise this particular point and to take the initiative in calling an international conference on the subject. At the same time, on the territorial aspect of the question, it laid down that it "seems inconceivable and also useless to accept even the hypothesis of a redistribution of colonial mandates." This clause of the declaration was in line with the resolution that was unanimously adopted in this country at the Conservative Party conference a few weeks ago. It is not easy to discern what such resolutions really mean. Are they intimations that France and England will never disgorge their African acquisitions from Germany under pressure? Or do they imply, on the other hand, that they are unwilling to move until the pressure has become unpleasantly severe?

Assuredly these will not be the last words that will be spoken on the colonial question in Europe. But, whatever may be thought of what was done at Lille in detail, there can be no doubt that the general effect of recent happenings has been to strengthen the Popular Front and to show that under its present direction it faithfully reflects the opinion of the country. After the excitements of the BLUM administration France has regained something of her accustomed poise. The immense success of the Paris Exhibition, much ridiculed at the start, has given to millions of Frenchmen and thousands of foreigners a sense of confidence in French initiative and French enterprise. It remains, as M. PAUL REYNAUD insisted on Wednesday, for her industrial and political leaders to seek ways of increasing the national production. That is the only means which will enable her to solve her Budget problem—with its heavy burden of armaments—and to raise the standard of living of her people.

Economic Outlook in America

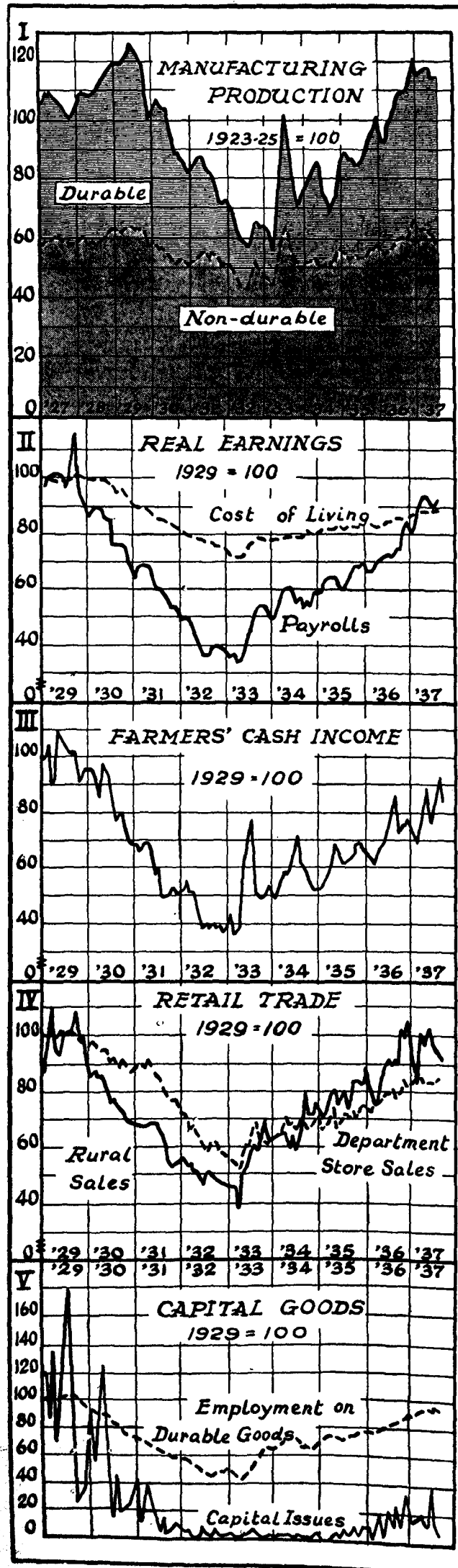
WHILE in Great Britain politicians and economists argue whether a recession in trade is imminent or not, in America, always quicker to move, the advent of a recession has passed beyond argument. The upward trend of recovery, which was previously strong and consistent, has been first interrupted and then definitely reversed.

The rapidity with which the reversal has occurred is an added argument for its careful analysis. Some of the materials for such an analysis have been collected in graphic form on the two following pages. But apart from the perennial difficulty of selecting from the mass of statistical material available those series which are most illuminating, the suddenness of the change has added its own difficulties, since many of the series are only available monthly and after some delay. It is difficult, therefore, to carry the analysis later than August when the recession began. But the seeds of the sudden reversal must have been present then and if they can be discovered the task of diagnosis is largely accomplished. In some of the charts, however, it has been possible to include weekly figures up to a much more recent date.

The first chart is designed to indicate, in the broadest outline, the industrial history of the United States in the last decade. It shows the trend of manufacturing production (i.e. excluding minerals) according to the

Federal Reserve index, and the official division of the total of production into durable and non-durable goods. It should be remembered that the chart is concerned only with manufacturing production, and omits both the distributive trades and all forms of services. But its merit is that it shows very clearly the large part played by the collapse of the durable goods industries in causing the depression. ("Durable goods," it should be noted, are not the same as "producers' goods," since one of the largest constituents of the former category—and one of those most responsible for the recovery since 1933—is automobiles, which, though more or less durable, are bought by the consumer.) It can be deduced from the diagram that the renewal of recovery depends upon two factors: the maintenance of current purchasing power for non-durable goods and the further increase of demand for durable goods.

The next three charts are directed towards the former of these two points. The curve marked "Payrolls" is an index of the amount of money paid out in wages in factories. It is thus only a partial guide to the total of wages of all kinds, but it is probable that wages in other industries vary rather less than those included. It will be noticed that payrolls have this year overtaken the cost of living. This can be taken as an indication that the real purchasing power of the urban population (which is, however, several millions larger than ten years



ago) is now once more as high as in 1929. Chart III shows that the farmers' real income has made a similar recovery. And Chart IV suggests that the volume of retail trade (after allowing for the fall in prices) has also risen to approximately pre-depression levels. Rural sales, indeed, are higher.

The conclusion from these facts is inescapable. On the score of the income available to consumers for the purchase of goods there is nothing to justify a recession of production and everything to justify further sound expansion. The farmers' income will almost certainly be higher, except perhaps in the South, in the coming twelve months than in the past. Industrial payrolls may decline; but only as a consequence, not as a cause, of trade recession.

The capital goods industries, however, tell a very different tale. Chart V compares the volume of employment in the production of durable goods with the amount of new money (i.e. excluding refunding issues) raised on the market by domestic corporations. The two curves are not by any means exactly the goods on which money raised by new issues is spent. But the two lines are sufficiently comparable to suggest that the recovery in the capital goods industries has been financed from some source other than the borrowings of corporations. The two chief sources have undoubtedly been the expenditures of the Federal Government and the reserves and profits of the corporations themselves.

Chart VI shows what has been happening to the largest of the capital goods industries. The volume of construction contracts awarded, even when swollen by public works, is only about half the 1929 level. And the reason is suggested by the fact that rents, though nearly back to the 1929 figure, have been quite unable to keep pace with the rise in construction costs. Building is still an unremunerative business.

At midsummer, then, the position was that current consumption was healthy and flourishing, but that the capital goods industries were still flagging, hindered by a dormant new issue market. The next two charts show in more detail what has happened since. Chart VII shows the *New York Times* weekly index of business activity, which is heavily influenced by the capital goods industries. Although the index did not reach its actual peak until August, there had been virtually no rise since May. The fall since August has been steep and has brought the index below last year's figures. Chart VIII (based on the Iron and Steel Institute's figures) shows what has been chiefly responsible. Steel activity, which was reduced by the strike in May, never fully recovered, and has been declining rapidly since August.

Thus the capital goods industries were not only in the more vulnerable position earlier in the year, but they have, in fact, started the downward movement. There can be no one explanation for this change in trend. Part of the responsibility can be placed upon the depressing effects in the bond market of the Federal Reserve's policy of raising the reserve requirements of the banks (v. *The Economist*, October 16, 1937, page 117). This undoubtedly put a stop to the incipient revival in the new issues market. Simultaneously, the heavy tax on undistributed profits made it more difficult to finance capital extensions out of profits. In some industries, notably the railways and building, rising labour costs, either directly instigated or at least encouraged by Government action, prevented expenditure on capital goods. And finally, the effort made in Washington to balance the Budget severely reduced the Government's own expenditure on capital goods. It might almost have been a concerted programme to discourage capital investment.

The decline in the volume of new business for the

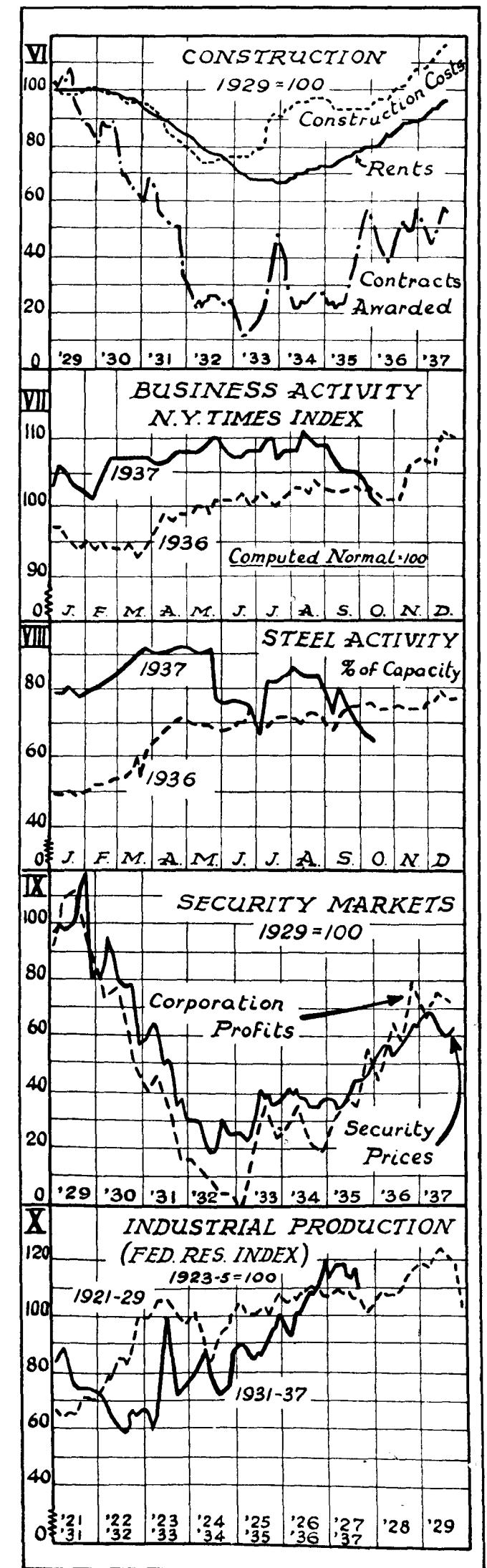
heavy industries naturally reacted on the Stock Exchange. Security prices, as shown in Chart IX*, had risen less rapidly than corporation profits since the bottom of the slump. But though the level of prices was not, in this sense, too high, it seems to be true that the regulatory action of the last few years has made the market very vulnerable to selling pressure. Comparatively small sales produced drastic reductions in quoted prices. Sharp falls in security prices turned industrial hesitation into pessimism and pessimism into alarm. Psychologically, they affected the confidence of business men throughout the country. Not only that; every individual and corporation whose credit depended upon Stock Exchange collateral found his borrowing power reduced. As always, deflation in one part of the system spread to others.

If this analysis is correct, what is to be done? This is not a 1929; fundamentally the position is much less unsound. The consumer's purchasing power, on the one hand, is well maintained; and, on the other, the country is under-supplied rather than glutted with capital goods. The railways and the utilities are behindhand with their renewals of plant, and there is a very large potential shortage of residential buildings. There are thus no far-reaching adjustments to be made before production can increase. It would be difficult to find an industry which is producing at a rate which is greater than can be justified by its long-term prospects; on the other hand, many could be cited which have still not yet recovered to their secular normal level. In so far as the American economy is still out of equilibrium, it is on the side of under-production and depression, not on that of over-equipment and inflation. The difficulty seems to lie in the main in the nexus of finance and confidence which links the need for capital equipment with the industries which are ready to supply it. It is a stoppage of circulation, not a distortion of structure.

It follows that the main line of remedial action should be a direct attempt to remove the obstructions to activity in the capital goods industries. There are many forms which this action could take, all of which are familiar to the authorities at Washington and could be applied if the decision on policy were taken. Something has been done to reverse the depressing influences in the bond market and to improve the technical position of the stock market. Much could be done to lower the cost of capital construction and to raise the margin of income of some industries, notably the railroads, which are at present unable to afford the re-equipment they require. Much could also be done by the adjustment of taxes which at present discriminate against capital expenditure.

If action is taken along these lines, there is no reason why the upward trend of recovery, which had certainly not reached a mature stage last summer, should not be resumed. The last of the accompanying charts suggests a certain parallelism between the events of the last few years and those of the preceding decade. In 1927 a recession was cured by cheap money. The same may happen in 1937, if cheap money is allowed to have its normal effect. But the chart is a warning as well as an encouragement. One thing that has been clearly demonstrated this year is the inherent instability of the American economy, its bewildering ability to suffer sudden changes of trend. If in curing the recession of 1937 policies were adopted which led to a repetition of the wild expansion of 1929, the net result would certainly be more harmful than beneficial. The supreme task of the American authorities is to avoid all extremism in policy.

* This chart goes no further than August. The lowest figures of October would carry the curve down to about 45. A chart on page 269 of this issue carries on the story to the end of October, in terms of the Standard Statistics daily industrial share index.



Policy for Films

PRIDE of place in the Government's legislative programme this session has been given to the new Films Bill, the Second Reading of which was taken on Thursday. This priority is presumably due less to the Government's estimate of the measure's intrinsic importance than to the relentless march of time. The Government has been disappointed of its hope that the various sections of the trade, left to themselves, might come together, settle their loudly advertised differences, and thus make possible an agreed non-contentious Bill. Meanwhile, some of the main provisions of the existing Act are due to expire on March 31st next, and the interval is uncomfortably short for Parliament to prescribe the precise form of the measure which will direct the development of the film industry during the next ten years.

When Sir Philip Cunliffe-Lister (as Lord Swinton then was) introduced the first Films Bill in 1927, he followed the Imperial Conference in urging that the film, apart from its primary purpose of entertainment, was an important instrument of propaganda for British culture, British policy and British industry. This objective appears to have been obscured in recent years, and even Lord Moyne's Committee seems to have overlooked it. Somewhat belated amendments are now provided by the setting up of a Films Advancement Council, consisting of members of both Houses and presided over by Lord Bledisloe. And on Thursday the President of the Board of Trade declared that he regarded films as nothing less than a part of the national defences. These are brave words. But it is a fair criticism of the text of the new Bill, as it stands, that it includes no effective and express provision for promoting the national interests, in the sense envisaged by the Government ten years ago.

It cannot be denied that the Act of 1927 contributed materially to the establishment of a British production industry. Ten years ago, less than 5 per cent. of exhibitors' screen time was devoted to British films, whereas the Board of Trade has recently stated that no less than 29.4 per cent. was so used last year. The few modest stages available for British productions in the earlier year have been replaced by about eighty sound stages, of which fifty to sixty are of the highest class, and a large number are equal to the best in Hollywood. The cost-value of pictures produced in British studios in 1936 is authoritatively estimated at not less than £4½ millions, compared with less than £250,000 ten years ago. In the same period the number of cinema seats in the country is believed to have increased by about 750,000 at a cost of not less than £10 millions. Scarcely less than five million persons have been added to each week's regular *clientèle* of the cinema. These are very definite advances, yet the Government has concurred in the conclusion of the Moyne Committee that production could not survive the withdrawal of the protection which the quota system now provides. Unrestricted competition from American films, it has been declared, would quickly overwhelm the British industry in all its branches. From this point of view, therefore, the Government's Bill is a measure designed to give security to domestic vested interests in the trade.

An analysis of the Bill may well begin by searching for proposals embodying the Government's determination to safeguard the nation's vital interest in the future of the industry. Thus, the introduction of the principle of minimum cost may be partly justified on the ground that this will eliminate the "quota quickie," and with it the type of film which mocked British attempts to make quality films. But minimum cost films are not of a kind that are likely to find any appreciable export market. To obtain a foothold abroad we must produce pictures which will be as attractive to cinema audiences everywhere, and especially in America, as those coming from Hollywood. Before reaching American audiences, however, British pictures must surmount an

almost impassable barrier, in the shape of the control which American production companies exercise, through their respective distribution exchanges, over the first-run theatres in their own country. By giving special quota privileges to films costing several times the minimum amount, the British Government obviously desire to overcome the first obstacle—that of quality, workmanship and entertainment value—to the entry of British films in the American market. Many experts believe, however, that the according of double quota rights to films costing upwards of about £40,000, and the proposal for reciprocity for any film which can be sold for not less than £20,000 to America will not overcome the difficulty. There is no confidence that American companies will acquire more than one or two British pictures from independent British companies on these terms. It is difficult to see any effective solution of this vital problem which does not impose an obligation on American companies, trading in the United Kingdom, to secure an American release for a certain proportion of their quota pictures which may be held to have special merit. Action on these lines, in short, may have to be compulsory and not merely voluntary.

The proposal to establish a Films Commission, though it was the most striking and original of all the recommendations of the Moyne Committee, finds no embodiment in the Bill which the House of Commons debated this week. Hitherto, the Board of Trade has seen no justification for any relaxation of its administrative prerogatives, and it claims the right to reserve for its own consideration every aspect of the administration of the Films Act—subject to the reference of minor matters from time to time to the Advisory Committee which will be reconstituted under the Act. In view, however, of the complex structure of the film industry and the difficulty of comprehending all its technical problems, there would seem to be a strong case for creating some special form of administration—perhaps on similar lines to the Import Duties Advisory Committee—which could devote itself continuously to film problems, subject to proper safeguards against any abuse of its power. Whether the sympathetic reception given to an influential deputation which visited the President of the Board last Wednesday presages a modification of official policy will doubtless be made clear when the Bill reaches the Committee stage.

Finally, the quality *versus* cost controversy seems likely to be strenuously maintained up to the moment when the new Act receives the Royal Assent. Should eligibility under the quota system be restricted to films which reach a minimum standard of quality, or should it be conceded automatically when a minimum cost has been incurred? There would be much to be said for a quality test if standards of quality could be defined or measured. But experience throws doubt on their practicability. In any case, a film must be produced before any quality test can be applied; and it is tolerably certain that the stream of finance available for the production of British pictures would dry up suddenly and completely if the contingency of rejection on the ground of quality had to be contemplated. The cost test admittedly does not guarantee good pictures, but at least it places a limit on the number of thoroughly bad ones. And it postulates a certain seriousness of purpose on the part of the producer, which will contrast favourably with the light-hearted way in which much of the business has been conducted in recent years. But perhaps the most decisive objection to rigid insistence on a quality test is that, given conditions as they exist to-day, it would abruptly check the development of the British film industry. That the industry is still in a position where the best may be the enemy of the good is probably the most telling criticism of its unsatisfactory progress and organisation, after ten years of protection by the State.

German Motor Roads

(From Our Correspondent in Berlin)

THE State motor roads in Germany were not designed to meet any immediate traffic needs. In so far as their purpose was not military or to demonstrate National Socialist vigour, they were built to provide employment. Indeed, this aim even affected the technical methods employed in the construction of the roads. The use of machinery was discouraged; local stone, which meant local labour, was used; and much avoidable expense was incurred. To-day, when labour and materials are scarce, policy has changed.

The *Reichsautobahnen* have fulfilled their primary aim of reducing unemployment, although the labour employed per mile has lately fallen off, because of the increasing use of machinery. Including ancillary employment in the production of materials at a distance, the estimated number of workers on the road schemes has at times been as high as 250,000. Since the roads were begun in September, 1933, the number of hours worked up to September of this year was 82 millions. Employment has varied seasonally, but the maximum number at work was in 1934 some 84,000, in 1935 over 115,000, and in 1936 over 124,000. This year the highest number of employed on the roads has been 101,000.

Thus the roads have served their first purpose. Whether they will ever be really needed to carry German traffic is uncertain. In July, 1933, there were 497,000 private cars, 152,000 lorries and 819,000 motor bicycles. In July of this year there were 1,126,000 private cars, 322,000 lorries, and 1,327,000 motor bicycles. Traffic is increasing rapidly, but outside of a very few big cities, which are crowded only at holiday times, nothing like congestion is experienced. The old main roads—the *Landstrassen*—have a total length of 220,000 kilometres, and with only slight improvements could probably meet any likely traffic requirements quite easily. At present, even the cheapest car is far out of the reach of the bulk of wage earners.

The main interest of the roads, therefore, apart from the employment which they have afforded, lies in the technique and cost of their construction. In September of this year 1,553 kilometres of the new roads were open to traffic; some 1,650 kilometres were under construction; and a further 2,014 kilometres were fully planned. It is proposed to open 1,000 kilometres annually until a total length of some 10,000 kilometres has been achieved. The original plan was to cover the Reich with a "grid" of motor roads running north to south and east to west; but work has actually been piecemeal, and the longest continuous stretch runs from Leipzig to Nuremberg, a distance of about 265 kilometres, and others are very much shorter. The roads consist of three strips: two carriage-ways 8 metres wide for traffic in opposite directions, with a grass strip between them. There are parking bays at intervals, petrol stations uniformly designed, patches of garden and other amenities. Being intended exclusively for motor traffic, they cross the old roads and the railways nowhere except by bridges; but at intervals of between 15 to 20 kilometres feeders join the new to the old roads. Gradients and curves are only slight though, in general, the roads follow the lie of the land. Concrete surfaces, like those of the American motor roads, are almost universal; and out of 1,553 kilometres now opened only 60 kilometres are tar or asphalt. Every 750 metres there is a bridge or culvert. These bridges, commonly small and usually constructed of stone, now number over 4,000, and the complete plan envisages between 10,000 and 14,000 of them. The largest bridge of all, the Elbe Bridge, which is 1,170 metres long, is made of reinforced concrete; but the Saale Bridge at Jena, which is 751 metres long, and the Elster Valley Bridge, which is 680 metres long, are both built of stone.

In the work so far only 397,000 tons of iron and steel

have been used, compared with three million tons of cement, which is some 12 per cent. of the total national output. Vast quantities of stone, sand, pebbles and earth have been used; and the carriage of materials for the motor roads is officially mentioned as one reason for the recent rapid expansion of goods traffic on the railways. It is also probably one cause of the shortage of goods wagons in the coal and iron centres of West Germany.

The character and scale of these methods of construction have attracted a good deal of attention in other countries where traffic problems are more acute than in Germany. A party of experts, politicians and interested persons recently visited the Reich to inspect the roads and their construction. The most important question which they raised was the cost of these operations. What the complete scheme will cost has not been stated, but the outlay to date is known. Up to 1937 the sum paid out on capital account was Rm 1,739 millions. Of this amount Rm 1,407 millions have been paid to the private contractors who have actually built the roads. Some Rm 580 millions were spent on earth and rock works; just over Rm 400 millions on the road bed, bridges and culverts; about Rm 307 millions on surface work; and Rm 113 millions on the provision of workers' camps, other social amenities and miscellaneous works. The balance of some Rm 332 millions of Reich expenditure was used to pay for the carriage of materials, to compensate landowners, and to meet interest and amortisation charges.

The money has been raised in various ways. Capital expenditure has, in general, been provided by short-term operations: with the help of a Reichsbank rediscount credit in 1934 and 1935; and by loans from other sources, including the Reich Unemployment Board. Railway Corporation credits were raised for motor-road construction, and were later funded. On November 11, 1936, the import and excise duties on petrol and benzol were increased, and the price of motor fuel was raised accordingly. Further, the traffic tax was extended to include motor passenger and goods services conducted for gain. There is a small operating revenue, derived mainly from petrol stations. No tolls are collected for the use of the roads; and it is believed that the higher petrol prices will be counterbalanced for the motorist by the saving of time, fuel, and wear and tear, which the new roads will afford.

In the construction of the roads, the relations between motor traffic and older forms have had to be taken into account. In 1936 it was estimated that the railways were losing some Rm 600 millions of traffic annually to the roads, but that to counterbalance this in part the motor industry was bringing new traffic to the railways to an annual value of some Rm 150 millions. The gross revenue of the railways in 1936 was Rm 3,985 millions, and the net loss was thus considerable; and, in 1935, the Nazi Government, intent on the development of the motor industry, had refused to give a monopoly of commercial motor transport to the Reich Railway Corporation. To-day, local road transport for gain, if conducted entirely within a radius of fifty miles, is unrestricted; but outside that radius all long-distance carriers are compulsorily amalgamated in a *Reichskraftwagen-Vertriebsverband*.

Such in outline is the purpose, character and economics of these new State roads. They have provided work for the unemployed, and have cost over a million marks per kilometre to construct. While they may not be needed for German traffic and may, in some cases, divert the use of good agricultural land, they are a source of pride to the German people. And they are a pattern and example for road engineers in other countries.

Notes of the Week

Brussels Conference and the Far East.—The Conference of Powers which have signed or adhered to the Washington Nine-Power Treaty of 1922 duly opened at Brussels on Wednesday of this week, in spite of the short delay caused by the Belgian Cabinet crisis. The meeting place was the American Government's choice, and the full participation of the United States is the outstanding feature of the Conference. But at the moment of going to press it is too early to guess how far the governments represented will be able to go beyond the mere demonstration of their common concern over the new Japanese war of aggression in the Far East. Japan herself has declined the invitation to attend, on the double ground that the other parties have pre-judged the issue and that in any case Japan means to settle accounts with China *à deux*, without the intervention of any third parties. Germany, too, has declined, in polite language, on the ground that she is not a party to the treaty in virtue of which the Conference has been convened. Italy has not refused to take part; but on the eve of the Brussels meeting she has shown her colours by adhering to the German-Japanese "anti-communist" pact of last year; and at the opening session of the Conference she did what was expected of her by appearing as the spokesman of the new *triplice*. The probable limitations of the Conference's action are indicated in a statement made on Tuesday at Washington by the Assistant Secretary of State, Mr Sumner Welles. In speaking to the press, he said that the United States would be represented at Brussels for the purpose of sharing in the common task of finding some pacific solution of the present situation in the Far East within the provisions of the Washington Treaty and in accordance with the principles repeatedly enunciated by the United States Government.

Mr Norman Davis's speech at the opening session was in fact on these lines; and it left the Japanese no excuse for maintaining that the Conference was being handled in a fashion that would make it morally impossible for them to take part. The other two notable speeches on the first day came from Mr Wellington Koo and from the Italian delegate. Mr Koo put China's case with his customary ability. Count Aldrovandi-Marescotti put Japan's, by submitting that it was impossible to identify the aggressor and that therefore the two parties to the conflict ought (as the Japanese insist) to be left to settle it together! It looks as though all idea of restraining the aggressor were ruled out in advance. On the other hand, it seems hardly likely that the Brussels Conference will go out of its way to give the aggressor diplomatic assistance by launching a new Hoare-Laval plan for draping his crime under a gauzy vestment of legality. The real issues seem to be: Can Japan stop the war after she has bitten off as much as she thinks she can chew at the moment? Can she afford to leave even the remnant of a now roused and awakened China to its own devices? And, if not, can she bring the whole of China under Japanese control? It still seems, unfortunately, more likely that these questions will be settled by the soldiers in China than by the diplomats at Brussels. But a military solution still seems remote. The Chinese have been forced back at Shanghai by sheer weight of metal. But they have retired stubbornly and in good order; the Japanese have gained territory but not the decisive result they sought. In the North, the main front on the railways running southwards from Peiping and Tientsin seems to be at a standstill, while the fighting on the right wing in Shansi is confused and, as yet, indecisive.

Labour Gains in Boroughs.—The latest returns of the municipal elections held on November 1st in London and the provinces show gains for the Labour party, which now controls the administration of 17 out of 28 metropolitan boroughs and 43 cities and towns elsewhere in England and Wales. A similar advance is suggested by the earliest returns of the Scottish elections, held on November 2nd. In London there was a net gain for Labour of 52 seats, and Hammersmith and Lambeth were won. In the provinces (with several results still to come) Labour secured a small net gain of 20 seats; while Wednesbury and Birkenhead were lost, Bristol, Coventry and Whitehaven were won, and in South Shields and West Hartlepool, where the opposing parties are now roughly equal in strength, the Labour party will probably rule. The discrepancy between this continued advance in the boroughs, and Labour's lack of success in national politics is easily explained. Despite striking defeats in the number of seats secured, the Labour party at the last two general parliamentary elections obtained 30.7 and 38.0 per cent., respectively, of the total votes cast, and Labour's share of the polls in municipal constituencies was even larger. It is true that the abstention of large numbers of municipal electors on November 1st was probably slightly more favourable to Labour's chances than to those of their opponents, but it is certain that there is not in local politics the same distrust of the competence and programme of the Labour party in administrative and, especially, financial matters that there is in national politics. Labour has already held power with success and efficiency in several boroughs, and Mr Morrison's administration of London County has testified to the ability and moderation of his party. In many places, the opposition to Labour has been conducted on professedly non-party lines; and, at least in London, the latest defeats have inspired an outcry among Right Wing supporters that the sore lack of a central organisation should be remedied, and a Conservative Association be formed to meet party with party in the next contests.

Broadcasting in Foreign Languages.—On October 29th the Postmaster-General announced in the House of Commons that the Government had decided to make broadcasts in foreign languages. This statement is a reminder both of the national character and ultimate control of the British Broadcasting Corporation and of the concern which has been felt by persons of all political parties about the misrepresentation of our institutions, policies and personalities in certain foreign wireless programmes. In particular, anti-British propaganda has been spread among the natives of Palestine and Africa and in South America. Hitherto, the Empire programmes, designed largely for the Dominions and delivered in English, have apparently been no safeguard against this insidious danger. The Rome station, for instance, diffuses a number of news bulletins daily in as many as nine languages, including English, Arabic and Spanish; and, to say the least, these bulletins are not panegyrics of Britain and British policy. Russia, Germany and Spain have contributed in various ways to this wordy wireless war. Major Tryon has announced that "when we send out news, it will be straight news, and not propaganda." While the new departure of the B.B.C. is inevitable and, on balance, desirable, it would be well to remember that one man's news is another man's propaganda. The B.B.C. has a high standard of integrity and we trust that the conditions of its new venture will do nothing to impair it, directly or indirectly.

Hours of Labour.—A motion in the House of Commons on November 3rd, calling for a substantial reduction in working hours, raised three points of importance. The mover, Mr Paling, asked for the ratification of the general 40-hour week Convention of the International Labour Office or, at least, for a sharp reduction of the excessive hours worked by children between the ages of 14 and 18 in laundries, brickmaking, printing, the leather, bakelite, garage and wireless industries, and by van boys, errand boys and porters. In principle he approved the determination by the State of the length of working hours. In reply, on the Government side, it was urged that the introduction of a 40-hour week was impracticable, and that decisions about working hours were best left to the established machinery of negotiation between employers and workmen. None of these answers covered adequately the deplorable cases, cited by Mr Paling from official reports, of hours ranging between 50 and 70 a week worked by youths in miscellaneous trades. The motion was defeated; and an amendment in favour of reducing hours by agreement where possible without reducing existing earnings was adopted. It remains a fact, however, that hours of work have been very little reduced during the past 16 years. It is probably true also that, at this stage, labour's most useful policy is to seek shorter hours rather than higher real wages. But most of the worse abuses quoted by Mr Paling occur in unorganised trades or among unorganised workers where agreed reforms are impracticable and strict legislation is desirable.

Scotland Keeps its Horses.—The matter of the Royal Scots Greys, which has been agitating Parliament this week, is of no great moment in itself. But it has two aspects which lend it a certain significance. The question is whether the regiment is to be deprived of its horses and mechanised. There is some dispute about whether this reform was ever intended, but in any case the Secretary of State for War says that the grey horses are to be retained. It was made perfectly clear, however, that if he wanted to mechanise the regiment he would be prevented by the outraged protest of the majority of Scottish Unionist M.P.s. The grounds of the opposition are not related in the remotest degree to the military efficiency of this body of soldiers but purely and simply to sentiment. Nobody would wish to deny that sentiment—and pageantry—have their distinct uses in connection with the armed forces of the Crown. But that grey or any other horses should be allowed to override the dictates of efficiency—as they clearly would have done in this case if the question had arisen—is a very different and much more serious matter. The nation is continually being told of the sacrifices it must make for the restoration of the defence forces, but there are some sacrifices which Conservative members are apparently not prepared to make. Another aspect of the matter which has aroused comment is that members of Parliament were apparently circularised in the matter by serving officers of the Army and invited to oppose what the officers believed, though mistakenly, to be the policy of the War Office. This intervention is being investigated, and it would be improper to comment at this stage; but it clearly deserves the most searching inquiry.

Election Day in America.—The "Tuesday after the first Monday in November" is the constitutionally appointed election day of the United States. This year, apart from a few Congressional by-elections, there were no Federal elections to be held. The chief interest, in fact, was municipal and centred in New York. The contest for the mayoralty of New York City was a far more important affair than a European politician would imagine. Not only is the population of the city larger than that of many sovereign states, but the powers of an American mayor are very wide. Moreover, the contest this time in New York was to some extent a fight between good

and indifferent government. Mr La Guardia's victory by 1,344,016 votes to his opponent's 889,591 has been represented as a crushing defeat for Tammany Hall. That is hardly true, for though Tammany formally supported Judge Mahoney, he was a candidate only because he had snatched the nomination from Tammany in last month's primaries. The fight was really between Mr La Guardia, who has given New York four years of good government, and a "machine" which happens to support the Roosevelt-Farley wing of the Democratic Party rather than the Al Smith-Tammany wing. Mr La Guardia is a titular Republican; but his election is in no sense a defeat for President Roosevelt, since the Mayor is an outspoken supporter of the New Deal. Politics and policies, in short, as often happens in America, are at cross-purposes. What the President chiefly wants he has obtained: undisputed control of the Democratic party in the largest city of the largest state. Whether that party is in office or not is a relatively minor consideration to him. From the wider point of view, Mr La Guardia's easy victory and the fact that in his second term he will not have to contend, as in his first, with a hostile Board of Estimate may mark the end of the long reign of Tammany. The Hall has often been beaten before. But never twice running and never so completely as this time.

The Week's Non-Intervention.—The Non-Intervention Committee has once more evaded, without settling, the difficulties which threatened to bring it to a standstill. Two meetings have been held since the last issue of *The Economist* went to press; one on Friday of last week and one on Tuesday of this. As is becoming the regular practice, difficulties which were made to appear insurmountable on Friday were surmounted on Tuesday. The difficulty this time was the Russian decision to abstain from voting on that part of the British plan which contemplates the grant of belligerent rights to the insurgents before the evacuation of volunteers is completed and the Italian, German and Portuguese decision to demand a unanimous affirmative vote before going further. In the end it has been decided to proceed with the selection and appointment of investigating Commissioners before determining this thorny question of unanimity, and the full Committee on Thursday afternoon approved the procedure and time-table agreed upon. Progress is thus very slowly being made, and as a token of it, the British Government have agreed to send a special consular agent to Salamanca, though without diplomatic status. But the pace is so slow that it will take a very long time before any volunteers are withdrawn. The longer Signor Mussolini can combine delay with the appearance of co-operation, the better he will be pleased. The substance of the famous letters which were exchanged between him and Mr Chamberlain at the end of July has now been revealed by the Prime Minister in

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reply to a question in the House of Commons. They contain many fine words, but the subsequent course of events shows all too clearly that they have buttered no parsnips. Signor Mussolini evidently believes that time is on his side in the Mediterranean. If so, it is hardly on the side of collective security and settled peace.

The Colonial Question.—An almost formal notice of intention to raise the Colonial question has been given in two recent utterances from authoritative mouths in Italy and Germany. At Rome on October 28th, in a public speech in celebration of the fifteenth anniversary of the Fascist march on the city, Signor Mussolini himself declared that "certain glaringly absurd clauses of the peace treaties must be revised" and that "the German people must regain the place which is due to it and which it used to have under the African sun." Next day General von Epp—who is head of the Nazi Colonial Political Office besides being Statthalter of Bavaria—spoke, in an address to the Colonial Law Committee of the Academy of German Law, of "impending action" on Herr Hitler's part which was to "provide a satisfactory solution of the colonial question." The General also took occasion to denounce "the colonial guilt lie": that is to say, the Allied Powers' assertion that they were depriving Germany of her colonies because she was unfit to govern them. And he made the counter-charge that the Allies had violated the Congo Act of 1885, which had laid down that a large area in Central Africa was to be neutral in war time; for this area included part of the German territories in Africa that were conquered and annexed by the Allies in the war of 1914-18. Signor Mussolini's intervention was severely, but most deservedly, castigated by Mr Eden in the House of Commons on Monday. It was indeed an impudent gesture, considering that one of the most glaringly unjust provisions of the peace treaties was the annexation of the German-speaking South Tyrol by Italy, and that in Africa Italy was offered—and accepted—slices of French and British colonial territories as "compensation" for the acquisition, by France and Great Britain, of mandates over the former German colonies. Signor Mussolini will be in no position to talk about territorial injustices until he has disgorged the South Tyrol, the Dodecanese and Abyssinia. But the Italian intervention does not affect, one way or the other, either the gravity or the difficulty of the colonial issue as between Germany and the two Great Powers of Western Europe. With or without irruptions from Rome, it is clear that the problem will have to be directly faced before long. It is not a problem for which a solution can easily be found. But on the discovery of a solution much that is fateful for Europe depends.

Belgian Cabinet Crisis.—The seriousness for Europe as well as for Belgium, of the resignation of M. van Zeeland is indicated by the difficulty of finding an alternative government. M. de Man, the Socialist, who was M. van Zeeland's Finance Minister, has tried and failed; and it is difficult to think of any effective alternative that would not involve a considerable risk of bringing to the surface certain dangerous antagonisms that have long been latent in Belgian politics. There are barely restrained conflicts ready to burst out between Flemings and Walloons, between Catholics and Socialists and between Westerners and Germanophiles; and the cross-division between these different segments of parties might make it all the easier for an adventurer like the Rexist leader, M. Degrelle, to take advantage of the momentary confusion in order to seize and hold a commanding position in the political arena. There is a feeling in the air that Belgium is at the cross-roads, and that the old Belgian tradition of smooth-working parliamentary government can now no longer be taken for granted. The crisis may pass on this occasion; but its underlying causes will remain, and the situation is distinctly uncomfortable. As we go to press, the crisis is in its tenth day and a fourth attempt to form a new

Ministry has just failed. Yesterday it was the turn of M. Pierlot, the Catholic Minister for Agriculture in the last cabinet. To-morrow the thorny task may be offered to M. Spaak, the late Foreign Minister.

Palestine and Morocco.—The present difficulties of France and Great Britain in some of the Arab countries under their control have been illustrated during the last few days by the resignation of one administrator and the appointment of another. In French North Africa, M. Albert Sarraut, a former Resident-General in Morocco and Minister of State in the present French Cabinet, has been appointed to a new Ministerial post with the task of co-ordinating French policy in Morocco, Algeria and Tunisia. In Palestine, Sir Arthur Wauchope has resigned from the High Commissionership. It is no wonder that six years of grappling with what is now acknowledged to have been an impossible task should have been too much for the High Commissioner's health; and there has not been any suggestion in any quarter that the retiring High Commissioner is to be saddled with the blame for the breakdown, during his period of office, of a regime which was not of his making. Meanwhile, the present recrudescence of outrages in Palestine has not abated. On October 27th a large part of the Balfour Forest, in Galilee, was burnt down by an act of incendiarism. On the 29th three Jews were shot and wounded, one of them mortally, at Jerusalem; and in the same city, on the 31st, a Jew was seriously and an Egyptian mortally wounded by an unidentified gunman. At the other end of the Arab world, in Morocco, the recent disturbances have been more formidable, and they have reached their climax at Fez, where the heart of the old city has been for a time out of the control of the police. This fastness of Moroccan nationalism was, however, reoccupied by French troops last Friday; about 200 prisoners have been sentenced to terms of imprisonment; and for the moment Morocco is quiet. At the same time, it is not likely that the new wave of Arab nationalism will yield, either in Morocco or in Palestine, to sheer repression, for its impetus does not come merely from bad times or even from anti-Semitism. What we are witnessing is the spread, into the more backward or outlying Arab countries, of an infection of European nationalism that has long since taken hold of Egypt and Syria. As a result of modern means of communication, the Arab world is acquiring a new sense of solidarity; and the achievement of national independence in one Arab country now has an immediate repercussion upon public feeling in other Arab countries that are still under European rule. Italian propaganda may be aggravating this unrest among the Arab peoples, but it has not been the cause of it, and it seems improbable that the malady will be cured in the long run by any remedy short of the grant of self-government.

Germany on the Danube.—The longer that France, Italy and Britain are preoccupied in the Mediterranean, the stronger becomes the German pressure on Central Europe. For the moment, that pressure is directed towards the prevention of any co-operation between the Danube States which, by being non-German, might become anti-German. But it is impossible to predict with confidence that the German *Drang nach Südosten* will not shortly pass to a more active stage. No country is exempt from the pressure. In Czechoslovakia the Government is watching with the closest scrutiny the actions of Herr Henlein's Sudeten party, whose affiliations with Germany have never been clearer. In Austria, Captain Leopold, the current leader of the Austrian Nazis, stands ready to double the rôle of Herr Henlein, and Dr Schuschnigg's Government is made to feel the wrath of Berlin whenever it even talks politely to the Czechs. In Hungary, the local Nazi Party, as well as the German minority, is doing what it can to embarrass the Government's policy of reconciliation with the Little Entente. In Roumania, German diplomacy is playing a part in the political manoeuvres which are preceding the

formation of a Cabinet to "make" the elections. The eventual decision will rest with the King, who has not yet made his choice. But he seems to be unwilling to admit the Peasant Party, who stand for democracy at home and abroad, to sole power, and they refuse to enter a coalition, more particularly one in which they would play second fiddle to the Liberals. The Liberals, who form the present Government, may therefore turn to the parties of the Right, whose collaboration would be made dependent upon the obstruction of the agreement between Hungary and the Little Entente (for which Prague, Belgrade and Budapest are ready). Future developments in the Danube basin need very careful watching. For Germany alone of the Great Powers is free to meddle there, and may use her advantage to the full.

Imperial Airways and Parliament.—On October 27th the Under-Secretary of State for Air was asked to explain the recent dismissal by Imperial Airways, Limited, of ten pilots. The Minister denied the Government's responsibility for a matter wholly within the company's commercial discretion. The question was again raised on the adjournment on the following day. Mr Perkins, Vice-President of the British Air Lines Pilots' Association, alleged that the pilots had been refused the right to collective bargaining; that some had been unjustly dismissed; that when the dividend to stockholders had been raised from 8 to 9 per cent. (the company's latest report is discussed on page 271) wages had actually been reduced; that very few of the planes were equipped with de-icing and blind-landing apparatus; that the machines on the Paris service were out of date; and that those on other European routes were definitely unsuitable. On behalf of the Government, it was stated that unless the Fair Wages Clause was being infringed the pilots' grievances were not within the official purview; and—somewhat irrelevantly—that Imperial Airways' flying boats were safe, comfortable and efficient. A statement by Imperial Airways on October 30 affirmed that disclosure of the reasons for the dismissals was "impracticable"; collective bargaining would be recognised if the Association were "representative"; salaries were adequate; all the machines were "airworthy"; and de-icing equipment was not yet satisfactory. From a company, heavily subsidised from taxes and thereby enabled to pay a large dividend, these replies were not altogether convincing. There has clearly been some opposition from the company to the Pilots' Association, representing 79 per cent. of Imperial Airways' pilots; and salaries, however adequate comparatively, have been reduced. Similarly, certain of the company's machines have admittedly been longer in use than was intended, owing to delayed deliveries of new craft, and this must be the cause of some concern. Imperial Airways is, in effect, a public service, and should be beyond question both a good employer and a safe and efficient purveyor of air travel on all its lines.

Scandal at Wandsworth Prison.—The Home Secretary has done another good service to the cause of prison reform. On September 27th it was brought to his notice that two prisoners who had escaped from Wandsworth Prison and been recaptured had subsequently been assaulted without provocation by prison officers. An inquiry by the Prison Commissioners was ordered, and in consequence three warders were dismissed, and in consequence three warders were dismissed. Sir Samuel Hoare expressed the view in the Commons on October 28th that dismissal was a more serious punishment than prosecution, and assured the House that there was no reason to think that there had recently been any other case of the kind. It is easy for warders, like policemen, to abuse the power and responsibility entrusted to them, and, in spite of the claim made by the dismissed Wandsworth warders and their colleagues that they were only doing their duty, there can be little doubt that Sir Samuel's prompt action was a contribution to the equitable and humanitarian administration of justice.

The affair came to the Minister's notice by a curious accident, and, although Sir Samuel doubts it, similar incidents may possibly pass unnoticed on occasion. The lubricant of justice, like the price of liberty, is eternal vigilance.

Industrial London.—The annual report of the London Passenger Transport Board, which was published last week, contains, as usual, a section on the wider economic problems of the area whose transport services the Board are under obligation to provide. London is not now, and never has been, an industrial city. But nevertheless almost a third of its gainfully occupied persons are in manufacturing industry and their number has increased by nearly a quarter in a dozen years. The total population insured against unemployment in Greater London has risen by 8 per cent. in the four years of the Board's existence, and the number actually in work by more than 16 per cent. Factories have been growing in numbers and settling in the "outer ring." These shifts in the working population create very difficult traffic problems for the Board. There is an enormous peak-hour traffic from the suburbs to the centre and local peaks when the new factory areas (e.g. at Park Royal or along the Great West Road) are drawing their labour supply from the working-class residential areas. Much of this traffic is carried on workmen's tickets, and the report contains some figures on the volume of this cheap traffic. At two stations, Morden and Burnt Oak, which adjoin large L.C.C. estates, 43.3 per cent. and 38.5 per cent. of all traffic is concentrated in the workmen's hours, making the biggest peak of the day at 7.30 a.m. To abolish workmen's fares would flatten the peak, but at a heavy cost to the poorest section of the population. To extend the hours of workmen's tickets would merely tempt more people to take them and crowd still more passengers on to the trains in the quarter-hour before the cheap fares end. "The special problem of accommodating workmen's traffic," says the Board, "appears well-nigh insoluble." So it does in a London which is allowed to grow without any form of co-ordinated forethought either in the shape of town-planning or in that of "staggering" working hours. In the outer suburbs the Board believe that it is not yet too late to achieve results by planning, though the inner suburbs are beyond redemption.

Cotton Reorganisation.—The first annual report of the Spindles Board [Cmd. 5579] was published at the end of last week. The Board, it will be remembered, was appointed under the Cotton Spinning Industry Act, 1936, in order to purchase and put out of use cotton spinning mills and machinery and thus to eliminate surplus capacity in the spinning section of the cotton



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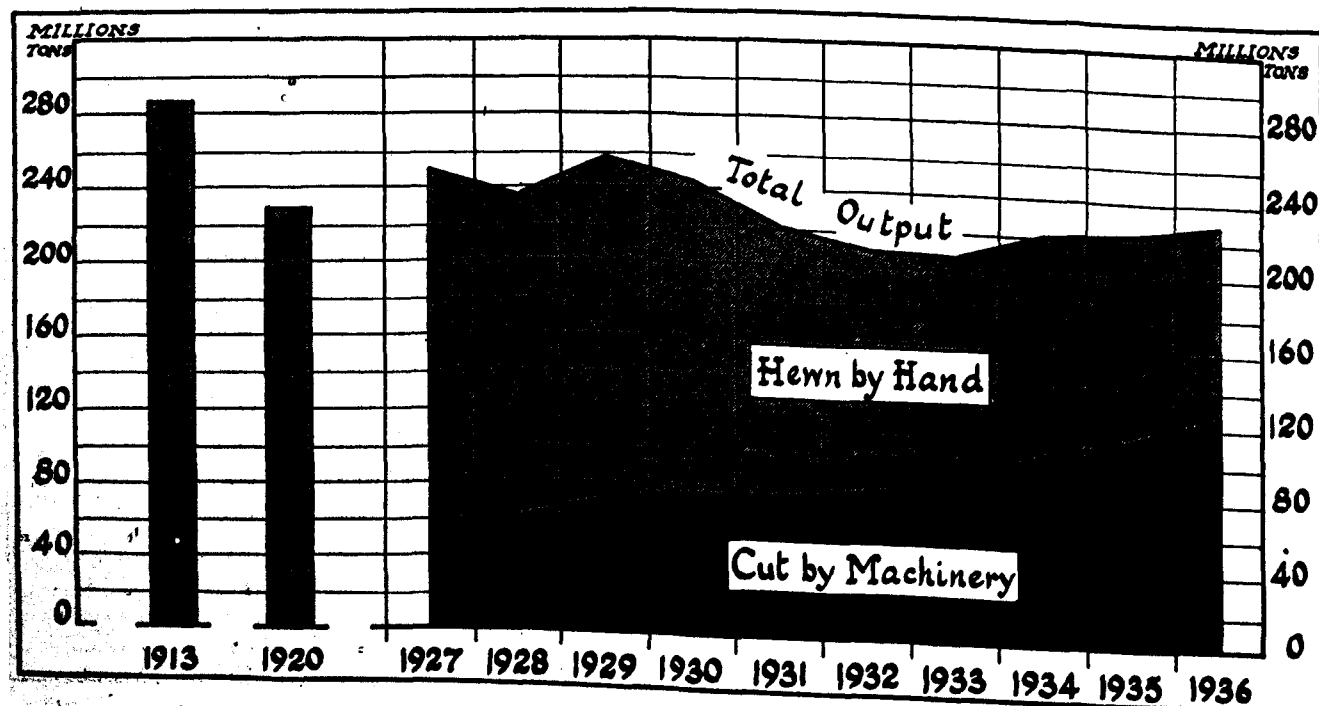
industry. During the first year the Board has acquired, or agreed to acquire, 3,265,000 mule equivalent spindles, involving the purchase of the plant and machinery of 48 mills at a cost of £842,776. Of these, 1,900,000 mule equivalent spindles have already been scrapped and practically all the land, buildings and machinery appertaining to them have been disposed of. During the twelve months ended September 14, 1937, Lancashire's spindle capacity, expressed in terms of mule equivalents, declined from 45,875,251 to 42,492,717. As the acquisition of spindles by the Board coincided with a substantial improvement in the industry, the number of unemployed spindles was reduced from 10.6 millions in September, 1936, to 3.9 millions two months ago. The proportion of the industry's capacity in full operation rose from 77 per cent. during the six months ended September 14, 1936, to 90.8 per cent. during the corresponding period this year; moreover, the quantity of cotton yarn produced rose from 555.4 million lbs. to 591.7 millions during this period. As the volume of surplus capacity is a function of demand for cotton yarn, which cannot be foreseen, the Board finds it impossible to say how far the process of elimination can be carried. That it is not yet at an end, however, is indicated by the fact that the Board has been entering into negotiations for the purchase of further mills since September 14th. While the problem of surplus capacity is now much less serious, the Board rightly points out that the scheme which it has to administer is only one step in the task of putting the cotton industry on a better basis.

Mechanisation of Coal Mining.—There were few branches of activity which expanded as rapidly as the coal industry in the 19th century. But while other industries all went through an "Industrial Revolution" during which the process of manufacture was mechanised, coal mining methods remained practically unchanged until the beginning of the Great War. As the accompanying chart shows, the proportion of the total output of coal cut mechanically was of very small dimensions in 1913. Since then, however, and especially during the past few years, the mechanisation of coal mining has made rapid progress. The proportion of the total output of coal cut mechanically rose from 13 per cent. in 1920 to 28 per cent. in 1929 and 55 per cent. in the past year. Mechanisation, moreover, has not been confined to coal-cutting. In 1936, 48 per cent. of the total output of coal was conveyed mechanically below ground, compared with only 14 per cent. in 1929. So far, however, the use of pneumatic picks has been practically confined to the Durham, Lancashire, Yorkshire, Cheshire, South

Wales and Monmouth districts, which, in the past year, were responsible for about 90 per cent. of the coal cut by this means. There are no indications that the process of mechanisation is complete. While the improvement in the efficiency of the industry brought about by mechanisation must not be under-rated, the scope for further economies is still considerable. If the forthcoming Bill dealing with the nationalisation of royalties is supplemented by effective provisions designed to speed up amalgamation, the industry will at last be able to exploit more fully the modern means of production and organisation which science has put at its disposal.

The Activity of Industry.—While industrial activity remains at a high level, the decline in the volume of new orders received by a number of important industries has persisted this week. The present dearth of new business is especially noticeable in the coal industry. In South Wales, for example, stocks of large coals are again accumulating. Output, however, remains at a fairly high level, the quantity raised during the week ended October 23rd, at 4,884,000 tons, showing an increase of 205,000 tons over the corresponding week last year. In the iron and steel industry producers are taking advantage of the lull in new business to reduce the accumulation of orders. To some extent the decline in new iron and steel contracts is due to the uncertainty concerning prices after the end of this year; but, as Mr Oliver Stanley pointed out in the House of Commons on November 2nd, an announcement concerning prices is expected to be made in the near future. Sales of cotton goods have again been disappointing; indeed, they have now fallen below the current level of output. The jute trade, on the other hand, has experienced a marked improvement as a result of the Government's large order for sandbags for delivery by the end of March. The majority of consumption goods trades, ministering mainly to the home consumer, remain very active. For example, the output of beer in September was 1,507,000 standard barrels, an increase of 2.7 per cent. over the corresponding month a year ago. Despite the downward trend of new orders, present indications point to a maintenance of a high level of industrial activity during the next few weeks.

Reorganisation in the Trawling Industry.—The Minister of Agriculture and Fisheries presented to the House of Commons on Wednesday the Sea Fish Industry Bill, designed to implement the recommenda-



tions of the Sea Fish Commission for the betterment of the white fish industry. The industry's present troubles are largely the result of past over-fishing in the North Sea. The consequent reduction in the quantity and quality of the fish obtainable there has driven the trawlers to distant fishing grounds. Costs have accordingly risen, while prices have been depressed by larger landings of coarse white fish. The Bill provides for the setting up of a Fish Industry Development Commission, composed of persons independent of the industry and armed with wide, but rather vaguely defined, powers to improve the organisation and efficiency of the industry. The efficacy of the present measure will clearly be dependent upon the personnel of the Commission and upon the interpretation which this body places upon its powers; but the proposal is a step in the right direction. A suggestion that imports of white fish should be limited by quota is of minor practical value, since imports are relatively unimportant. The Bill was promised as long ago as last February, and it is to be hoped that it will secure a speedy passage through the House.

Czech Financial Policy.—The recent re-appointment of Dr Kalfus to the Czechoslovak Ministry of Finance is not only the outward sign of the Government's decision to pursue a firm financial policy, but also a political event of some importance. Dr Kalfus resigned in the summer because he was not allowed to refuse the demand of the Agrarian wing of the Government coalition for higher expenditures in the farmers' interests. His re-appointment, after lengthy negotiations behind the scenes, is a sign that the Agrarians have been forced to give way, and the fact that they cannot dominate the Cabinet is of importance for the foreign, as well as for the financial, policy of the country. Czechoslovakia is in the middle of a re-armament programme which is to cost Kr. 15,000 millions (about £106 millions). Of this, Kr. 5,000 has already been spent, and the remainder is to be provided in the next two years. Sums as large as these can only be raised by borrowing, but Dr Kalfus insists that to facilitate the borrowing the rest of the Budget must be balanced in reality as well as in form. For this purpose a gap of about Kr. 1,700 millions must be bridged in next year's Budget. Dr Kalfus proposes to do this partly by new taxes, partly by the increased yield to be expected from the existing taxes and partly by economies. His re-appointment is taken to mean that extravagances such as the expenditure of Kr. 300 millions—instead of the intended Kr. 100 millions—on the so-called "iron reserve" of cereals (expenditure which, of course, is of direct benefit to the Agrarians) will not be repeated. The proposed new taxes are a special tax on munition profits and a capital levy. This latter is not yet decided; but it is under serious consideration, and Czechoslovakia is almost the only Central European State without a tax of this nature. The national capital was assessed some years ago at Kr. 450,000 millions, and after deduction of public property and allowance for changes in prices, the taxable corpus would certainly be no less than from Kr. 200,000 to Kr. 250,000 millions (from £1,420 to £1,780 millions). Even as low a rate as 1 per cent. would thus bring in the useful sum of Kr. 500 millions. Once the Budget has thus been balanced, it is intended to assist the money market, and prepare for the defence loans, by purchases by the National Bank for its own portfolio. This can safely be done, since the National Bank's reserve exceeds 40 per cent. and the recent outflow of exchange to pay for heavy advance purchases of materials has come to an end. Czechoslovakia offers an example to other countries not only in the tenacity of her attachment to democracy, but in the soundness with which her finances are conducted.

Fall in Shipping Freights.—After a long period of almost uninterrupted advance, shipping freight rates have experienced a sharp setback during October. The

decline reflects the persistent fall in the prices of primary products and the lull in the expansion of international trade. Moreover, it is significant that the capacity of idle shipping laid up at British ports rose from 61,225 net tons on July 1st to 99,496 net tons at the beginning of October. A year ago the volume of unemployed shipping tonnage showed a substantial reduction during this period.

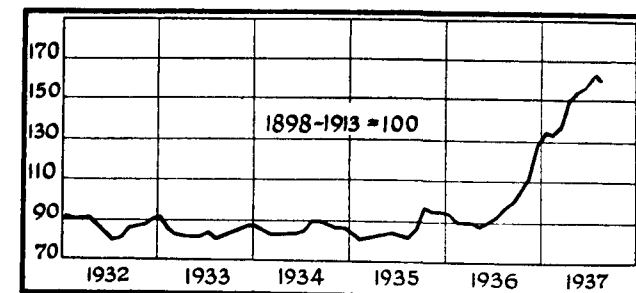
The Economist INDEX OF FREIGHT RATES
(1898-1913=100)

	Average, 1913	Oct., 1936	July, 1937	August, 1937	Sept., 1937	Oct., 1937
European waters	110.0	113.0	186.0	178.7	180.6	181.3
North America	113.1	109.7	119.2	125.9	146.8	143.5
South America	123.4	109.6	149.6	154.2	159.2	148.6
India	106.3	110.6	164.8	180.2	186.4	177.9
Far East and Pacific	117.4	109.1	158.5	170.6	180.8	171.5
Australia	127.9	103.6	149.2	161.1	165.0	158.8
Total	116.3	105.9	154.5	161.8	169.8	163.6
1913=100	100.0	91.1	132.8	139.0	145.0	140.7

As the next table shows, freight rates declined on the majority of trade routes:—

	Index No.	Inc. or dec. Points		Index No.	Inc. or dec. Points
Home trade	131.7	+ 4.6	South America:—		
Bay—outwards	211.0	+ 7.3	Outwards	99.4	— 2.3
Bay—homewards	254.8	— 6.5	Homewards	197.8	— 18.9
Mediterranean:—			India—outwards	143.0	— 4.4
Outwards	136.1	— 18.8	India—homewards	212.9	— 12.6
Homewards	222.8	+ 13.3	Far East, etc.	171.5	— 9.3
North America	143.5	— 3.3	Australia	158.8	— 6.2

We append a chart showing the course of the freight index number during recent years:—



Despite the recent setback, however, the current level of freight rates remains considerably above the level of a year ago. Mr Oliver Stanley's announcement in the House of Commons on November 2nd that the tramp shipping subsidy will not be continued, therefore, is of little practical significance, especially as the industry has agreed on a scheme of voluntary co-operation from January, 1938, onwards.

Value of Overseas Trade.—As a result of rapid price movements this year, the declared value of our overseas trade no longer provides an indication of quantitative changes. The official estimates of changes in the volume of trade between the third quarters of 1935,

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1936 and 1937, published in last week's Board of Trade Journal, therefore, are of particular interest:—

VOLUME AND VALUE OF IMPORTS AND EXPORTS

Period	Retained Imports				Exports of Domestic Produce			
	Declared Values £ Million	Index of Average Values 1935 = 100	Values in terms of 1935 Values £ Million	Index of Volume 1935 = 100	Declared Values £ Million	Index of Average Values 1935 = 100	Values in terms of 1935 Values £ Million	Index of Volume 1935 = 100
Years								
1936	957.1	128.4	745.2	106.3	570.8	116.6	489.6	115.0
1935	700.7	100.0	700.7	100.0	425.8	100.0	425.8	100.0
1934	788.5	105.0	751.2	107.2	440.7	101.9	432.4	101.5
Third Qr. of								
1935	168.4	100.3	168.0	95.8	105.4	100.3	105.1	98.7
1936	192.1	105.0	183.0	104.4	112.3	102.4	109.6	102.9
1937	239.6	123.7	193.7	110.6	134.4	113.1	118.8	111.6

Between the third quarters of 1936 and 1937, the average price of retained imports rose by no less than 18 per cent., a reflection of the sharp advance in prices for primary products and semi-finished materials. In view of the fact that British exports consist mainly of manufactured goods, the rise of 10½ per cent. in their average price is substantial, and suggests that industrialists in this country have been able so far to pass on the rise in costs of production. Significantly, the volume of British exports, with an increase of 8½ per cent., has risen faster than retained imports, which, in July-September, 1937, were only 6 per cent. higher than a year ago. While comparison of quantitative changes between the second and third quarters of this year is vitiated by seasonal movements, the average prices of both retained imports and domestic exports showed a further increase during this period.

* * *

Further Decline in Prices.—Wholesale prices have continued to fall, both here and abroad, during the past fortnight. In England the complete *Economist* index number is 1.3 per cent. lower than a fortnight ago, while *The Economist* primary products index number has fallen by 2.2 per cent. The decline is equally marked in the United States, where *The Economist* primary products index number has fallen by 3.3 per cent. and the complete Irving Fisher index number by 1.4 per cent. Even French wholesale prices have followed the world movement, though to a more limited extent. German wholesale prices, which are largely under control, have preserved their customary stability, but Italian prices show a slight rise over the past month.

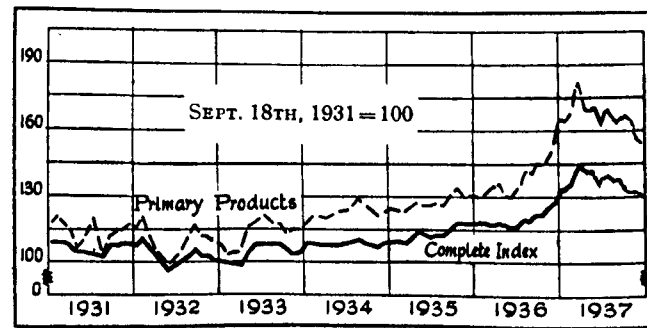
SEPTEMBER 18, 1931 = 100

Date	<i>The Economist</i> Indices			Price of Gold (sterling)	U.S.A., Irving Fisher	France, Statistique Générale	Italy, Milan Chamber of Commerce	Germany, Statistisches Reichsanamt
	British Complete Index (sterling)	Primary Products (sterling)	American (dollar)					
1932								
July 27th	99.5	103.5	84.1	138.9	88.3	91.3	88.5	88.1
1933								
July 28th	108.1	120.6	124.7	145.7	100.9	89.7	86.2	86.6
1934								
July 18th	109.5	124.8	136.7	162.4	113.2	81.4	83.2	81.1
1935								
July 31st	112.7	126.7	146.2	165.6	120.2	75.9	86.2	83.9
1936								
July 22nd	118.7	140.4	157.2	163.4	120.6	86.6	111.4†	95.7
Aug. 16th	119.4	141.9	158.2	162.7	121.9	88.8	111.4†	96.1
Sept. 30th	121.8	144.5	159.6	165.0	121.8	86.4	112.5†	95.9
Oct. 28th	123.6	145.7	161.1	167.1	122.5	102.1	114.8†	95.8
Nov. 25th	126.3	150.9	172.0	167.2	124.8	106.9	...	95.9
Dec. 30th	131.8	163.9	187.3	168.7	128.8	113.0	...	96.4
1937								
Jan. 27th	134.2	164.2	184.5	167.0	131.0	115.9	...	95.7
Feb. 24th	136.3	168.2	185.5	167.4	131.8	116.8	124.3	96.2
Mar. 31st	144.2	181.9	199.7	167.4	137.3	121.8	126.2	97.5
Apr. 28th	142.0	180.9	185.5	165.4	135.6	120.5	128.7	97.0
May 19th	142.4	168.7	184.4	165.3	135.6	120.2	131.3	97.2
June 2nd	142.7	170.2	178.9	165.6	134.3	119.8	133.2	97.5
June 16th	139.4	163.6	173.5	165.3	133.3	119.8	133.8	97.4
June 30th	139.5	165.9	176.8	165.7	134.1	...	134.2	97.5
July 14th	140.7	168.5	180.4	165.0	134.1	128.8	135.8	97.8
July 28th	140.2	167.1	171.8	164.6	133.9	130.8	137.1	97.9
Aug. 11th	136.3	166.8	171.1	164.2	133.3	131.3	137.0	98.2
Aug. 25th	137.9	164.4	165.3	164.2	133.0	133.3	137.1	98.1
Sept. 8th	137.4	165.1	166.9	165.3	132.2	136.7	...	97.7
Sept. 22nd	136.0	164.0	166.3	165.1	133.7	139.4	137.7	97.6
Oct. 6th	135.1	159.7	163.7	165.5	130.2	139.9	140.5	97.4
Oct. 20th	133.6	156.2	162.3	165.4	129.5	138.8	...	97.3
Nov. 3rd	131.9	152.7	147.2	165.5	127.7*	138.1*	141.6*	97.2*

* These figures relate to October 27th.

† Monthly averages.

The chart shows the recent movement of British prices. Primary products are now at their lowest level for 1937, but both British index numbers are still higher than a year ago. American prices of primary products, however, show a net decline during the past twelve months.



Details of group movements in the complete *Economist* index number are given below:—

<i>The Economist</i> INDEX (1927 = 100)				
	Sept. 18, 1931	Oct. 6, 1937	Oct. 20, 1937	Nov. 3, 1937
Cereals and meat	1931	1937	1937	1937
	64.5	92.3	91.0	90.6
Other foods	62.2	67.7	67.4	67.5
Textiles	43.7	64.3	63.6	62.0
Minerals	67.4	101.0	98.9	97.5
Miscellaneous	65.8	83.5	83.2	81.7
Complete index	60.4	81.6	80.7	79.7
1913 = 100	83.1	112.3	111.0	109.6
1924 = 100	52.2	70.5	69.7	68.8

The decline continues to be most marked in the textiles and minerals groups, but this fortnight there are also declines in hides, linseed oil and rubber. Wholesale food prices show little change on the average.

* * *

Co-Operative Trade and Constitution.—The sales of the Co-operative Wholesale Society for the half-year ended July 10th, compared with the corresponding period of last year, increased by 11½ per cent. to £56,272,764. The improvement of 14 per cent. in the output of the co-operative mills and factories has encouraged the directors to sanction the expenditure of nearly £2½ millions on the extension of productive enterprises during the present year. The value of the supplies of C.W.S. products to the retail societies is 36 per cent. of the value of the total trade of the society, the highest proportion since the C.W.S. was founded in 1863. The directors have recommended an interim dividend of 4d. in the £ on the trade of the society-members, plus an additional 3d. in the £ on the society's own productions. This means the distribution of approximately £1,137,000, much of which will be used to meet the National Defence Contribution. The distributive co-operative societies in membership with the Co-operative Wholesale Society have had a referendum on the proposed changes in the constitution of the directorate outlined in *The Economist* on August 7th. The result has been the adoption of the main innovations. Candidates, selected on account of their local work and worth, will now be submitted to national election—instead of the present district polls. This constitutes a most important change in procedure, and should secure really representative candidates for the national directorate. The societies have pronounced against the reservation of four seats for women on the board, and have also refused to raise the directors' salaries, which will remain at £750 per annum, rising to a maximum of £1,000. Sites for productive developments have been acquired at Birmingham, Worksop, Manchester and Pelaw. The new enterprises will include a cabinet factory, a shirt factory, a glass-works, a tinplate factory and a tannery.

Overseas Correspondence

From Our Special Correspondents

United States

Extent of Equity Revaluation

NEW YORK, October 26.—It would appear that the bear market of 1937 culminated in the two days of panic on October 18th and 19th. On the 19th, with a turnover of more than 7,000,000 shares, the market collapsed and then rallied vigorously. Within three days average prices had recovered almost one-third of the entire ground lost since early August—which represents merely retracing the ground lost in seven market hours on Monday and Tuesday.

This revaluation of the equity in American corporate enterprise can be variously assessed. From the top prices of 1937, the average prices of representative shares fell nearly 50 per cent.—industrials rather less, and rails rather more. A numerical majority of all shares fell more than 50 per cent.; and declines of more than 60 per cent. were not uncommon among non-dividend paying stocks. In early August the very few highest grade equities were selling to yield about 3 per cent. on actual dividends. On October 19th those same equities had fallen to about a 5 per cent. basis. The falls in other dividend-paying shares were similar, that is, from a 5 per cent. to an 8 per cent. basis, or from a 6 per cent. to a 10 per cent. basis, and so on. Thus, in spite of hysteria and panic and the appearance of demoralisation, there ran through the decline the pattern of a capital rate structure in process of realignment. From the high prices quoted in August to the extreme low prices of October 19th, the measure was that of a readjustment from 3 per cent. to 5 per cent.; the final rally immediately lifted these issues to about a 4 per cent. basis.

Another assessment relates the present level of security values to the lowest prices of the depression period. On October 19th utilities were quoted at about the low levels of 1932, rails at double the 1932 lows, and the industrial average still at three times the 1932 lows. The current level of the Dow-Jones industrials is approximately that of the memorable third week of September, 1931.

Corporate Earnings

It is not practicable to relate market valuations to current earnings. The third quarter's earnings are now appearing, and they are good. This gives some support to the theory that the profit margin was shrinking. The decline in earnings is likely to be very diverse, and it is not yet worth while to attempt any accurate estimate of earnings.

The October bulletin of the National City Bank publishes a table of corporate net income during the past ten years.

MANUFACTURING CORPORATIONS IN THE U.S. (\$000,000)

Year	Net Worth	Net income as percentage of Net Worth
1926	42,366	7.38
1927	46,273	5.58
1928	48,050	7.00
1929	50,017	7.72
1930	52,695	1.52
1931	52,122	— 1.90
1932	47,640	— 4.00
1933	43,976	— 0.01
1934	43,342	1.65
1935	38,152	3.80
Average	46,463	2.80

The 1936 figures are not yet available, but they would show a substantial increase in net income, especially as

a function of a much written-down net worth. But the corporate net income of 1936 was nowhere near the corporate net income of 1928, although the production index of the two years was comparable. A fair estimate of the relation of net income to net worth in 1936 would be more than 5 per cent. and less than 6.

Hourly wage rates rose above the 1929 level in 1935; factory employment and pay rolls approximately reached it in 1937; but in spite of the large percentage increase in corporate profits, they do not seem to have risen correspondingly. In part, this is attributable to taxes. In 1929, corporate income, after deduction of taxes, was \$3,862,000,000 and taxes were \$1,161,000,000; in 1935 corporate net income, after deduction of taxes, was \$1,449,000,000, but taxes are estimated at \$922,000,000.

Railway Profits and Recession

Few major industries have suffered such a diminution of their profit margin as the railroads. It is well known that railway traffic does not bear the same relation to industrial production as it did a decade ago. In the current year, with the index of production about 15 per cent. above that of 1923-25, freight car loadings have been more than 15 per cent. below. There has also been an almost continuous tendency to reduce rates; and early this year the so-called emergency surcharges were allowed to expire, reducing gross income by about \$100 millions a year. The railroads petitioned for rate increases to replace this lost revenue. In the summer there were substantial increases in wages, adding about \$150 millions a year to labour costs.

Last week the Interstate Commerce Commission granted a series of increases in rates estimated to produce an increased revenue of about \$50 millions a year. Until the beginning of October traffic was heavier than in 1936; now it is about the same. The companies will ask for a further increase in rates. The year to date shows a net increase in labour and material costs; a large reduction followed by a small increase in freight rates; and for the first three quarterly periods a moderate increase in traffic, which will probably shrink in the final quarter.

It is impossible to form a comprehensive picture of current business operations. Steel production continues to decline; and operations are now about 52 per cent. of capacity, compared with 85 in late August. On the other hand, the motor industry has been running almost at capacity throughout October; except for one large producer who has not begun quantity production of his 1938 model. Nevertheless, it is hard to assess consumer demand, because current production is for show-room stocks. Rumour suggests that the business community recognises that a very sharp recession is in progress, the full impact of which is not yet statistically recorded. Almost without exception the expectation of business men is that this recession will be brief, representing a corrective adjustment after two years of very rapid advance.

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France

The Popular Front Continues

PARIS, November 4. — The Congress of the Radical Socialists at Lille was the chief event of last week. It preceded the Congresses of the Socialists and of the Moderates (the Alliance Démocratique Républicaine led by MM. Reynaud and Flandin) which take place on Saturday and Sunday next. The Chamber will reassemble on November 16th.

The Radicals have spoken very clearly. They remain the great national and social party, which dominates the political life of this liberal country. The leaders, MM. Herriot, Chautemps and Daladier, have again spoken the Republican words and sentences, which go right to the heart of their compatriots. But even these vocal manifestations could not entirely mask a lack of accord between the Right and the Left (Socialist) of the party. The discipline urged by the Prime Minister at Chateauroux: "There must be no rupture with the parties which have the confidence of the masses of the workers" was obeyed, and was further confirmed by the decision: "No alliance with the Right." Yet, the break in the Popular Front is more and more perceptible. The improvement of the financial and economic situation since the last devaluation, by creating an atmosphere of respite, has only just prevented an actual cleavage.

M. Bonnet stated that, since July, the return of many milliards of expatriated capital had far more than compensated for the deficit on foreign trade account. France would soon hear of imports of gold from America. This forecast has just been confirmed by New York. The control of exchanges could be condemned in a financial motion at the Congress, because it has now, temporarily at any rate, been rendered superfluous. In the general declaration of the party, reference could be made to the need for producing more—in order to prepare the way for the payment of pensions to old workers. The disturbances created abroad by the dictatorships, which are troubling the Conservatives themselves, led the Radicals to include in the same declaration a demand for a firm foreign policy, which will be very agreeable to the Communists.

The Popular Front has thus been preserved. The advent of a centre bloc, which the Moderates want, has been averted. The task of M. Blum in rallying his party to the support of the Cabinet at the next Socialist Congress is thus rendered easier. The outstanding questions are how long the financial respite permitted to M. Bonnet will last, and how long the demands for increased wages can be staved off. Will new social troubles or a further rise in prices upset the equilibrium which has been re-established after so many difficulties?

Improvement in Production

For the time being, the indices of economic activity are certainly encouraging. The latest fiscal receipts were the best for a long time. Indirect taxes in September yielded 2,389 million francs, or 385 millions more than in September, 1936. The turnover tax and special taxes produced 236 million francs more than in September, 1936, and 76 millions more than the estimates. For the first nine months of the year, receipts were nearly 500 million francs higher than the estimates, which was, however, principally due to the rise in prices and increased taxation. The rise in prices, on the other hand, or at least of wholesale prices, seems now to have been arrested. Thus the latest troubles caused by claims for higher wages may be mitigated.

Coal production at last showed an improvement in September, when 3,767,374 tons were produced in 21.6 working days, compared with 2,672,580 tons in August, when owing to paid holidays only 15.3 days were worked, and 3,567,111 tons in September, 1936. The average daily production was 175,070 tons in September compared with 170,043 tons in August. The number of men employed was 240,057 at the end of September, compared with 238,307 at the end of August and 222,875 at the end of September, 1936. The production of coke in the colliery coke plants was 348,849 tons in September,

compared with 320,963 tons in August and 314,020 tons in September, 1936. The increase in the production of coal in September was due principally to the fact that the paid holidays came to an end. But it is noteworthy that, in spite of a small increase of one per cent. in staff, daily production rose from 170,000 tons in August to 175,000 tons in September, which shows an important advance in the yield of production.

In the metal industries, the production of pig iron was 687,000 tons in September, compared with 645,000 tons in August and 699,000 tons in July, and 492,000 tons in September, 1936, and 465,000 tons in August, 1936. The production of ingot steel was 662,000 tons in September, 1937, against 559,000 tons in August and 685,000 tons in July, and 545,000 tons in September and 460,000 tons in August, 1936.

Unemployment, however, increased rapidly in October, as the result of seasonal factors and perhaps also of the closing-down—for budgetary reasons—of numerous great public works. The number of unemployed was 317,447 on October 23rd, compared with 314,436 on October 16th, 305,341 on September 25th, and 409,195 a year ago.

Germany

The Affaire Schacht

BERLIN, November 3. — Elderly students of Continental politics remember the *Affaire* Witte in Russia, and the tortuous procedure adopted for getting rid of a Minister who had grown too big to be comfortable. There is a certain parallel with the *Affaire* Schacht. The stage is the same. Pre-war Russia, like post-war Germany, was ruled by a single will which could not err or falter. But everyone knew that beneath the smooth surface there were ambitions, hatreds, jealousies and intrigues. A Minister of the Interior could suppress a journal for mildly criticising his colleague of Finance, but could himself circulate a revolutionary pamphlet against the same colleague. A victim of this system—and sometimes a practitioner of it—was Count Witte. The parallel with Dr Schacht is not exact. Count Witte was overthrown, among other reasons, for doing big things which he thought were right; Dr Schacht for opposing big things which he thought were wrong.

A nation of philosophers must always excel a nation of dancers and fiddlers in mystery-making. When Count Witte went he went, and everyone knew it; when Dr Schacht went he stayed, but no one knew that he had done either, much less both. It is true that foreign correspondents discovered that, at least as Minister of Economics, Dr Schacht had formally resigned. But a formal resignation is meaningless unless it is announced. A Minister's functions are legally defined, and many things can only be done with his individual sanction. The public, short of the announcement of a change, must look to Dr Schacht as Minister with legal authority. And his *de facto* degradation is no permanent solution, unless he is willing to remain titular Minister and to endorse all measures submitted to him by his new superiors. As a permanent solution, even that is improbable. For supposing that Dr Schacht were willing to become a compliant and passive figurehead as Minister of Economics, as President of the Reichsbank he would have to support actively, by his credit and currency measures, policies which he condemned. In the way of any formal announcement of his resignation, however, there stand considerations of government prestige. In view of Dr Schacht's reputation and his known condemnation of government methods, his resignation would be a protest against the whole Nazi system. It seems, nevertheless, that even as *de jure* Minister Dr Schacht will disappear in the course of time, and soon afterwards as President of the Reichsbank. It was as President of the Reichsbank that he became Minister of Economics. In present conditions the two positions are probably inseparable, or, at least, could not be held by persons of definitely opposed views.

The Minister's Enemies

The full truth about the campaign against Dr Schacht is not likely to emerge. Probably it is not known to all of Dr Schacht's enemies. To be enemies of Dr Schacht does not necessarily mean to be friends of one another; and Dr Schacht may have as many sorts of enemies as he has sorts of Reichsmarks. Again, the method of his displacement does not accord with its motives. It has been alleged that he has lately opposed with more than usual vigour policies and measures which he considered injurious. That was likely enough in view of his known aversion to waste, to the excessive drain of capital, to exaggerated expansion of the Four-Year Plan, and to the prejudicing of foreign trade. It has naturally been suggested that he came into direct conflict with General Goering. But the campaign against Dr Schacht dates from the time of his appointment as Minister.

Dr Schacht was *de facto* deprived of his ministerial functions months ago. It was known that the Ministry of Economics was being insensibly incorporated in the Four-Year Plan. The elaborate Party explanation of this process, which has now been published, is not convincing. It denies that there have been any differences with Dr Schacht over matters of policy, and does not admit any personal rancour. The change is described as entirely administrative. According to the chief Nazi economic journal it became necessary to unify the whole economic organisation of the Reich. A particular charm of the Four-Year Plan, when it was originally announced, was that it would require no new organisation at all. But "circumstances . . . compelled the construction of special and very comprehensive departments of the Four-Year Plan, which are authorised to intervene radically in business." This explains why the Four-Year Plan is to-day capacious enough to swallow up Dr Schacht, but in no wise explains the getting rid of him.

Economic Dictatorship

What is ostensibly aimed at is a kind of economic dictatorship. "Over all will be the Supreme Chief of the Four-Year Plan . . . holding supremacy in decisions and in executive power." This is supposed to be merely a change in organisation, but actually it seems to be a cumbersome device for getting rid of Dr Schacht. For if it is necessary to co-ordinate industry, trade, finance, and so on, it should be remembered that until very recently this co-ordinating power was supposed to be in the hands of Dr Schacht. Dr Schacht was an economic dictator, and abroad he was generally described as such. Within the competence of his Ministry were industry, trade, capital, credit, the Bourse, Foreign Exchange, and everything else economic that counted. So long as public expenditure and investment were covered largely by borrowing, Dr Schacht, as Reichsbank President, had the final decision. But Dr Schacht's powers, on paper, went even further. Under an older law, which seems to be still in force, the Minister of Economy was empowered to take any steps whatsoever in economic affairs that he considered necessary, even if that step were contrary to law.

It is therefore plain that there was no need whatever to create a new framework for the co-ordination of the different economic departments; and that had there been no differences of policy or personality Dr Schacht would have remained in office and in power. The real question was obviously whether he should be economic dictator or be replaced. It is not suggested that General Goering desired to replace him. The precedent is the transfer of Foreign Exchange from Dr Schacht to General Goering a couple of years ago. That transfer was not due to any desire of General Goering to deprive Dr Schacht of his functions. Foreign Exchange was a domain in which the opposition to Schacht was particularly strong. If Dr Schacht was to go, then General Goering seemed to be the one person who had sufficient authority to keep the conflicting interests in order.

There is naturally surmise about whether Dr Schacht will ever return to power. Outside the circle of his declared enemies judgments of Schacht are various. His

utterances have not always appealed to reasonable men; but perhaps that is because he has himself been too reasonable to expect reasonable audiences. He lacks the ruthlessness of a dictator, and his attitude towards those who have impeded him has been injudiciously placable. He has merited the reproach of Goethe: "Du bist nicht der Kerl, den Teufel fest zu halten!"

U.S.S.R.

Harvest Fluctuations

Moscow, October 27. — The 1937 grain harvest in the Soviet Union has been officially estimated at 111,384,000 tons. Final figures are not yet available, and exact details of harvest yields, like figures about gold and aeroplane production, are being increasingly regarded as military secrets. This estimate, however, which is higher than any previous yield in Russian history, is generally believed by foreign agricultural observers to be close to the actual figure.

Figures of the 1936 harvest have never been published. A recent official study of yields per hectare planted to all grain crops made possible a computation of the harvest last year at 76,800,000 tons. This figure is considerably less than the harvests of the preceding three years, and confirmed widespread reports that last year's drought had caused serious crop failures in the Volga, Central and Ural regions. These were further confirmed when M. Ivan Vermenichev, head of the Central Statistical Administration, admitted last week that the 1937 harvest "exceeds last year's harvest by more than one-half."

The grain harvest reaped in 1913 on the territory now included in the U.S.S.R. and the harvests of recent years are shown in the following table:—

Year	Metric tons	Year	Metric tons
1913	80,100,000	1933	89,800,000
1929	71,700,000	1934	89,400,000
1930	83,500,000	1935	90,100,000
1931	69,400,000	1936	76,800,000
1932	69,800,000	1937	111,384,000

The area sown to grain has increased from 94,400,000 hectares in 1913 to 103,900,000 hectares in 1937. But in 1931 the Soviet Union already claimed to have 104,400,000 hectares sown to grain crops, and the marginal land at present available for extension of the grain belt appears to be sharply limited in extent. The population of the U.S.S.R. is now about 35 millions more than that of the same territory in 1913. Drastic changes in Russian export policy have reduced the need for export supplies of grain, but the Red Army's standing strength of 1,300,000 men, and its present policy of building up substantial grain reserves for wartime contingencies, have added to the pressure on Russian agriculture.

The New Agricultural Programme

It is against this general background that the Kremlin has recently released the first concrete indications of the newest phase of its agricultural programme. This is apparently to be a concentration of national energy on increased yields. Scientific agronomy, large-scale

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irrigation projects and the conversion of some of Russia's consuming provinces into producing regions are now certain to be three of the leading features of the third Five-Year Plan, which is scheduled to begin on January 1, 1938.

Communists regard the first phase of their agricultural revolution—collectivisation—as substantially completed. Official sources claim that 92.4 per cent. of all peasant households, and 99.2 per cent. of all individually-held agricultural land, have been collectivised. The second phase—mechanisation—is still in process. But with 356,800 tractors, 96,300 combines and a steadily increasing supply of other machinery, the Soviets have realised that machines do not necessarily grow bigger crops. There is little doubt that the productivity of Russian agriculture can still be sharply increased through introduction of better farming methods. Average grain yields have exceeded the 1913 figure of 8.4 centners per hectare in only three years since the war. In 1933, after the disastrous 1932-33 famine, an average yield was reported of 8.8 centners per hectare. In 1934 and 1935 the figures were 8.5 and 8.7. Drought reduced the yield last year to 7.5 centners per hectare. Communists now state that an increase of average grain yields to more than 10 centners per hectare will be the most important agricultural objective of the third Five-Year Plan.

Seed Reserves and Anti-Drought Measures

A recent decision of the Communist Party has provided for the establishment over the next three years of a 1,500,000 ton seed reserve. Government purchasing agencies have been authorised to pay substantially higher prices this autumn for grain which meets the requirements of selected seed. Crop rotation, adequate provision of fallow land and increased sowing of winter wheat have been made compulsory for collective farms using the machinery of the motor tractor stations, through which the Government maintains its effective control over Russian agriculture.

Together with scientific agronomy, irrigation and roads bulk large in the new campaign. At Quibishev (formerly Samara), on the Volga River, work has been started on what will be the world's largest hydro-electric power station, designed principally to provide cheap irrigation for the arid steppes of the lower Volga, where drought at present withers one crop in every three. An effort is being made to diminish the perennial curse of drought by shifting many provinces north of the black soil belt, which have lower but more stable yields, from consuming to producing regions. The present shift of the Soviet tractor industry from light wheeled models to caterpillar machines equipped with Diesel engines has been planned to facilitate this invasion of wheat and rye into the former forest belt.

Present Soviet plans for disposal of this year's record harvest are unknown. Most of the crop is expected to meet growing consumption needs and the appreciable change from black bread to white bread in the Russian diet. Present military reserves, believed in Moscow to be nearly a full year's supply, are likely to be replenished. Exports are expected to increase from the low 1936 figure of 321,311 tons to a level more closely approaching the 1935 figure of 1,606,092 tons. This prediction excludes shipments to Spain. The annual pre-war export of Russian grain, which averaged 10 million tons, is not likely to be repeated in this generation.

Japan

War-Time Control

TOKYO, October 7.—A large measure of war-time control is now being extended over a wide range of finance and trade. The emergency measures of State control of trade, capital and shipping, passed in the last session of the Diet, and the Munitions of War Act of 1918 have been in force since the latter part of Sep-

tember. Import restrictions have been placed on textile materials and timber, and some 270 articles, principally food and drink, textiles, toilet goods, and jewellery, have been listed as contraband goods; a scheme of capital rationing has been adopted to restrict capital expenditure not essential for war purposes; all the shipping available is to be brought under official control to ensure its most economic employment under war conditions and for war purposes; and munition works are being mobilised, including all ancillary processes and services involved in munition production. In order to prevent a scramble for labour, a shortage of which has become increasingly acute, the Government is also contemplating the regulation of employment through labour exchanges, giving priority to controlled establishments.

The Department of Agriculture and Forestry estimated the rice crop for the country on September 20th at 66,992,000 koku, a decline of 319,000 koku (0.5 per cent.) from the actual yield of last year, but 5,446,000 koku (8.8 per cent.) more than the quinquennial average. The Korean crop is estimated at 24,752,000 koku, an increase of 5,341,000 koku (27.5 per cent.) compared with last year's actual yield. The total yield of wheat and allied grains for Japan, excluding that of Hokkaido, amounted to 22,365,000 koku, an increase of 1,687,000 koku (8 per cent.) compared with last year, and 1,469,000 koku (7.9 per cent.) more than the average of the last five years.

The Course of Business and Trade

According to Mitsui Gomei Kaisha's half-yearly analysis of the profit and loss accounts of Japanese joint stock banks and industrial joint stock undertakings, the aggregate net profits of 250 banks in the first half of this year were 78,176,000 yen, a decline of 973,000 yen compared with the second half of last year. The total net earnings of 1,000 industrial companies for the half-year ended in June amounted to 513,846,000 yen, an advance of 57,103,000 yen on those earned by the same concerns in the December half of 1936. With the exception of public utilities and a few other groups, the great majority of trades, and particularly iron and steel, mining, machinery and tools, rubber, textiles, and stock and produce exchanges, show considerable increases in profits. The ratio of net profits to capital was 12.5 per cent., and that of sums put to reserve was 1.87 per cent. In the preceding half-year the profits percentage was 11.7 per cent., and the reserve percentage was 1.58 per cent. The following table gives comparative profits in the last three half-yearly periods:—

	(In thousand yen)			
	No. of Co's.	First Half-year 1936	Second Half-year 1936	First Half-year 1937
Banks	250	79,527	79,149	78,176
Industrial companies	1,000	419,776	456,743	513,846
Total	1,250	499,303	535,893	592,023

The trade returns for September show that, compared with the corresponding month of 1936, imports valued at 263,081,000 yen increased by 73,289,000 yen (38.6 per cent.); while exports, valued at 292,300,000 yen, rose by 48,581,000 yen (19.9 per cent.). For the first time this year there was an export surplus of 29,219,000 yen. The output of cotton yarn during September totalled 139,978,000 lbs., an increase of 4,019,000 lbs., compared with August, whilst rayon production amounted to 27,000,000 lbs., a decrease of 1,879,000 lbs. The Bank of Japan's index of wholesale prices for September recorded an advance of 1.6 per cent. during the month. The price index of all shares listed on the Tokyo Stock Exchange moved down in October by a further 3.3 points to 142.6 (January, 1921=100).

With the outbreak of the armed conflict with China the wave of strikes has almost subsided. The number of trade disputes involving stoppages of work, which reached a record total of 1,455 in the first six months of this year, was only 70 during August, compared with 129 in July and 166 in June.

New Zealand

The 1937 Budget

CHRISTCHURCH, October 7.—The annual financial statement was presented to Parliament on September 28th. The results for 1936-37, which showed a surplus of £472,000, had already been published. Their comparison with previous years and with the estimates for 1937-38 illustrates the dependence of public finance upon the general prosperity of the Dominion. The figures are as follows:—

	BUDGET FIGURES (£NZ millions.)			
	1934-35	1935-36	1936-37	Estimate 1937-38
Taxation	20.18	21.56	26.94	30.34
Other revenue	5.95	4.61	4.21	4.43
Total revenue	26.13	26.17	31.15	34.78
Expenditure	24.50	25.89	30.67	34.73
Surplus	1.63	0.26	0.48	0.05

The striking increase in tax revenue in the past two years is due mainly to expansion in the national income. Comparing the yield in 1935-36 with the estimate for 1937-38, the increase is 41 per cent. Excluding land and income taxes, whose rates have been increased, the expansion in the yield of other taxes is 32 per cent. Comparing the years ended June, 1935, and June, 1937, exports have increased from £NZ42.95 millions to £NZ64.6 millions, and total production from £NZ97 millions to probably £NZ135 millions (estimated).

Expenditure Still Increasing

It was anticipated that, since taxes had been increased heavily to meet the difficulties of the depression years, they would be reduced when those difficulties were past.

Revision of taxation has been promised, and a Committee is investigating the matter. But expenditure has increased very rapidly and promises to increase still more. The greatest expansion is in social services, which cost £NZ7.75 millions in 1935-36 and are expected to cost £NZ12.16 millions in 1937-38. These include pensions, which have nearly doubled in amount since 1935, but exclude unemployment relief. Including unemployment, the expenditure on social services this year is estimated at £NZ17.34 millions, all defrayed out of taxation, an amount only slightly less than the total of all taxation, £NZ17.83 millions, collected in 1928-29. The cost of departmental services has also increased very considerably, owing mainly to the restoration of salary cuts, increased personnel and expanding state activity.

Capital expenditure on public works and development, which averaged £NZ6 millions to £NZ7 millions annually in the years 1922-31, was heavily reduced during the depression. Now it has increased again, and this year promises to achieve a new high record. £NZ4.07 millions was spent last year, and the estimate for the current year is £NZ9.20 millions. Last year the money was lent mainly by Government departments, chiefly the Post Office Savings Banks, and it is anticipated that sufficient funds will be available from the same sources this year. For housing purposes, up to £NZ3 millions is to be advanced by the Reserve Bank. During 1936-37 the public debt showed a net increase of £NZ5.11 millions to £NZ287.67 millions, new loans totalling £NZ8.50 millions and redemptions £NZ3.39 millions.

Judged by its record, the Government's financial policy is one of heavy taxation, heavy borrowing and lavish expenditure on both current and capital account. High public expenditure encourages the rapid circulation of money and stimulates business activity. But it is dependent on very heavy taxation and the using up of capital reserves accumulated in the past. The real test of this policy must come when revenue falls and money becomes tight and dear.

Letters to the Editor

British Banking Principles

TO THE EDITOR OF THE ECONOMIST

SIR,—Banking resources consist of liquid assets such as cash, money at call, earning little or nothing, semi-liquid and semi-earning such as discounts and investments and earning non-liquid assets, principally advances. As the banks are anxious to earn the maximum profit, it is understandable that they lend the greatest part of their resources in advances and keep the balance in liquid and semi-liquid form to meet any contingency. Traditionally, the banks distributed their resources roughly as 50 per cent. in advances, 40 per cent. in discounts and investments, and 10 per cent. in cash and money at call. The Great Conversion coinciding with a trade depression changed the balance of banking assets in favour of investments at the expense of advances, but the increased demand for accommodation from industry and commerce is slowly restoring the old proportion.

But it may be asked whether the distribution of banking resources as traditionally accepted is the ideal one. The omnibus item, "Deposits," is not a uniform kind of liability, but is an amalgam of two divergent kinds of debts: one with a fixed period of repayment or saving deposits for which the banks pay some interest; the other withdrawable at a moment's notice or current deposits which cost the banks nothing and are partly of their own creation. They can so adjust the withdrawal of advances as to coincide with the expiration of the term of their saving deposits, but they must be constantly prepared to meet the claims of current deposit holders. Despite the temptation to maximise their earnings or the amount of advances these should not exceed the amount of saving deposits.

The principle of a division of banking resources as of 50 per cent. to 50 per cent. in note liquid assets to the others holds good only so long as the deposits are similarly divided. It must not be argued that a slight change in the equality of advances with saving deposits is likely to upset the banking structure, but a steady tendency in this direction must ultimately affect unfavourably banking stability.

The Macmillan Committee's Report recommended the separation of current deposits from saving deposits in the returns of the clearing banks. Up to now the banks have not shown these separate figures. British commercial banking has every reason to be proud of its achievements. Surely it need not fear to reveal the position of its deposits.

Yours faithfully,

Lodz, Poland.

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Are We Living on Capital?

TO THE EDITOR OF THE ECONOMIST

SIR,—To increase investment abroad presumably means increasing exports of goods without allowing these to be paid for by current imports. At the present time, we are devoting an unusually large proportion of our productive capacity to making capital goods in the shape of armaments. We are thereby limiting the resources available for producing more houses, food, and clothing, etc.

Yet, to maintain our total foreign investment intact, we are, you argue, to "pull our belts tighter," employ still more people on producing goods which are to be sent out of the country without any immediate return, and accelerate (through increased employment) the demand for consumption goods without increasing the supply. Surely now if ever, we are entitled to make a cushion of our existing foreign investments.

Stands foreign investment where it did? Our tariff policy rather indicates a lack of willingness to accept the fruits of previous self-denial.

Yours faithfully,

Headingley.

M. A. CAMERON.

["Tightening our belts" means decreasing not "accelerating" the demand for consumption goods; and we should do this by saving more and thus increasing the demand for capital goods. If we cannot maintain our overseas capital intact in prosperous years, we certainly cannot in bad years. We agree that our tariff policy does not encourage the payment of interest on our invested capital.—ED. *Econ.*]

"The Under-Privileged"

TO THE EDITOR OF THE ECONOMIST

SIR,—I am surprised that Mr Brown denies my statement that if money wages are raised prices tend to rise further. If miners' wages could be raised or their hours reduced without the price of coal tending to rise, why subsidies? Wages are one of the chief items in costs of production. Mr Brown has misunderstood my second statement. I meant that you cannot produce a fair division of wealth by increasing or decreasing the volume of the medium of exchange. I do not deny the possibility of maintaining a constant price level by controlling the volume of money. This is exactly what, in my opinion, we should aim at doing.

Under our present system, there is no limit to the economic reward of investors. The workers have no inducement to increase output because they cannot thereby directly increase their own reward. The workers should be paid their wages and the investors a fair economic reward; and everything over and above this should be calculated as true profits and of these the workers should get their share. The capital should, once the original investors have reaped their fair reward, pass in course of time to the workers who would thus automatically become investors.

There are two main roots of injustice in our present system. Rent, the tax laid on the resources of Nature, goes into private pockets. Investors, as sole owners of the organisations of industry, are enabled to exact an excessive reward. The result is that no improvement in the standard of living of the masses of our people at all commensurate with the improvement in our technical efficiency is possible.

Yours faithfully,

Wolverley,
Little Bookham,
Surrey.

C. V. BRAYNE.

[This correspondence must now cease.—ED. *Econ.*]

The Morals of Margins

TO THE EDITOR OF THE ECONOMIST

SIR,—Do high margins in stock market trading create crises or prevent them? The margin of 55 per cent. until recently required in New York provokes the question. Wall Street opinion is inclined to blame high margins in part for the slump; and that the figure has now been reduced to 40 per cent. may be a concession to criticism.

The first point to be considered is not whether high margins are good or bad, but to what extent the 55 per cent. level in New York was effective, because those who take stock market dabbling seriously can, and do, borrow in London either in sterling or dollars for their ventures in

American stocks. The procedure is simple: a sterling loan can always be hedged by a forward sale of dollars, and the extent of such borrowing has been extensive.

Over here the conventional margin on that class of business is 20 per cent., or in some cases 25 per cent. But within the last two years loans against first class mixed American common stocks have been offered on a 10 per cent. margin. These figures are so far removed from the 55 per cent. which prevailed until recently in New York, and was loyally observed by the Canadian banks, that one wonders whether the recent weakness in New York was not aggravated by under-margined accounts in London. If it did, then a moral responsibility rests with the London Clearing Banks. They inevitably set the standard for rates and margins, and a Clearing Bank lending on a 10 per cent. margin may well force other non-clearing banks to do likewise.

It is therefore possible that the low margins required in London torpedoed Roosevelt's effort to make speculation difficult. If that is the case, recent events prove neither that high margins are bad, nor low margins good, but only that under a free economy speculation flows to the lowest level.

Yours faithfully,

London, E.C.2.

BANKER.

Anglo-American Trade

TO THE EDITOR OF THE ECONOMIST

SIR,—I have read your Editorial Note to my letter in your issue of October 30th with some interest and a little surprise. Of course, the object of the Ottawa Agreements was to increase the transactions between Empire countries, and it was realised that this would involve some diversion; but the increase in the trade between Empire countries has by no means resulted merely from diversion. The trade with foreign countries has also increased since the Ottawa Agreements. The Empire is now buying substantially more foreign goods than it did prior to those Agreements.

The main object of my letter was to point out that the statistics you published purporting to show the diversion of trade due to the Ottawa Agreements did not represent the situation adequately, because the bulk of the change had taken place before the Ottawa Agreements had been negotiated. Much that has taken place since has been the displacement of American products by the products of other foreign countries in the United Kingdom market.

Yours faithfully,

London, S.W.1.

HERBERT C. WILLIAMS.

POINTS FROM LETTERS

Home Produced Spirits.—If alcohol used for power purposes is included in the industrial consumption of home-produced spirits, a curious anomaly has come to my notice. An allowance of 5d. per proof gallon (8.77d. per absolute gallon) is made from the Inland Revenue on spirits used for making industrial methylated spirits—including spirits intended to be used in generating mechanical power, which are, of course, exempt from the 8d. per gallon duty on imported motor spirit. The one spirit, used for the same purpose, is thus given a fiscal advantage over the other of 1s. 4½d. a gallon. The loss to the revenue has been estimated by the Chancellor of the Exchequer at a little over £100,000 per annum. This twofold subsidy of a particular source of power could be justified if it were an encouragement to the production of molasses from home-grown beet, but it is not. More than 90 per cent. of this subsidised spirit for power purposes is produced from imported molasses.—H. E. Crawford, Bush House.

A Check to the Declining Birth-Rate.—Some weeks ago you drew attention to the fact that England's birth-rate has lately shown a slight rise, and you seem inclined to draw a somewhat optimistic conclusion. It was quite obvious that after the world depression a rise in the marriage rate would check for a limited time the drop in the birth rate. But, as the marriage rate is bound to fall rather rapidly in the near future, the birth rate also will then show a sensational decline—other conditions being equal. In the forthcoming improvement of British vital statistics, the correlation between marriage and birth rates should be taken into consideration, as was suggested by Edwin Cannan.—Ernest Kahn, Jerusalem.

Books and Publications

The Age of Education

"No change," wrote Marshall in 1890, "would conduce so much to a rapid increase in material wealth as an improvement in our schools." Less than half a century has elapsed, and in every country in the world schools and universities have been multiplied in their thousands. The enrolment of pupils and students has increased far faster than population. Indeed, the declining rate of growth in the populations of many countries has accelerated rather than retarded this trend, because education is more easily provided for small families than for large.

Dr Kotschnig has made a world-wide survey* of the revolution in higher learning. He has set it down in hard-won statistics, citing figures for practically every country in the world. The figures are incomplete, inconclusive and ill-sorted, but their general implication is clear.

Behind the dry figures of our statistical tables... there lies the misery of a whole generation... the utter despair of thousands of parents who saved and slaved a lifetime to give their children an education, only to see them at the end unemployed... the impotent wrath and the slow demoralisation of promising men and women, loaded with degrees and certificates, to whom society denies the opportunity to use their gifts and their knowledge.

How has this come to be? The industrial revolution has created a demand for experts in industrial processes and organisation, in business and in banking. The growing scope and complexity of government has led to an increasing need for trained administrators and technicians. The highly articulated civilisation of to-day is only possible when an adequately skilful and adaptable personnel for public and private enterprise is forthcoming. New democracies and new states need and seek education. Schools and colleges are opened to the middle and lower classes. Peasants and women are emancipated. Whole nations become "college-minded." New social ideas; the concept of equality; the longing to escape from common tasks; the wish to enter into the tradition of culture; the quest for gain; the "fetish of diplomas"; and the competitive salesmanship of universities; all these have swollen the spate of students.

"There is a danger in modern times," wrote Ernest Barker in 1922, "of what may be called the clericalisation of society." Five years later, Lucien Benda launched his attack on *La Trahison des Clercs*, arraiging the system of university education, which was so far adapted to the material interest of contemporary society that the cause of truth was abandoned. These are the dangers which emerge from Dr Kotschnig's remarkable analysis of the increase in the numbers of students of higher learning. On the one hand, the old standards of a liberal education tend to be diluted and changed. On the other, country after country, saving only Great Britain and Italy, records unemployment among its graduates, and overcrowding in its professions; and the recent world economic depression, because of the elastic demand for intellectual labour, cruelly accentuated this problem.

What is the remedy? Dr Kotschnig enumerates the devices which have been tried in various countries. Entrance examinations have been made more difficult; fees have been raised; courses have been lengthened; and the number of entrants to courses or colleges have been strictly limited. Graduates have been set to work in camps or on public works; or they have been given further periods of more vocational training to relieve the market of surplus labour. Foreigners, Jews and women have been debarred from the professions to make room for male nationals; and the retiring age has been lowered. More positively, organisations for vocational guidance have been set up; and the correlation of supply

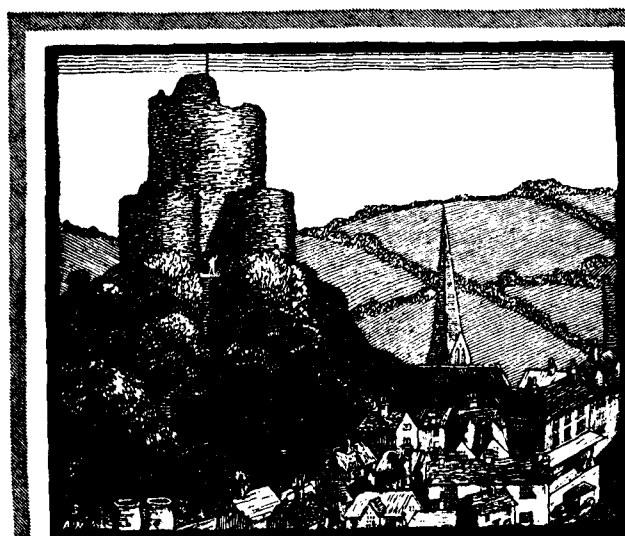
and demand has been facilitated by private agencies, professional bodies, student organisations, university employment bureaux and appointments boards, and Government exchanges. Attempts have been made to stimulate new demands: to place architects in the building trades; to secure the appointment of graduates in local administration; and to persuade business corporations to look more to the universities for their higher staff.

These positive measures win Dr Kotschnig's approval; but devices to restrict student enrolments are rightly denounced as "futile." It is true that in Germany, where intellectual life has been devalued and "old man warrior resuscitated and held up as an ideal to strive after," the rising tide has been successfully stemmed. Elsewhere it is still believed that restrictive measures are a counsel of despair. What else can be done? Dr Kotschnig maintains that a new education is needed, adapted to the changing needs of a changing society, and based on occupational planning. Whatever the validity of his proposals may be, Dr Kotschnig has written an excellent and valuable book; and in the course of his labours he has come very near to the heart of our civilisation.

Shorter Notice

"Fisiologia e Patalogia Economica negli scambi della Vicchezza fragli Stati." By Attilio Cabiati. Giappichelli, Turin. 663 pages. 70 lire.

The fourth edition of Professor Cabiati's ample treatise on the theory of international trade includes a number of new chapters which bring his historical account up to 1937 and fit new developments into his abstract frame. The result is a brilliant and suggestive study in the great tradition of Italian economics. It is a pleasure nowadays to find a book on foreign trade which at the same time attacks both over-subtle theorising, and sub-intelligent policies.



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* "Unemployment in the Learned Professions." By W. M. Kotschnig. (Humphrey Milford), Oxford. 347 pages. 12s. 6d.

MONEY AND BANKING

British Insurers in the United States

If a reasonably knowledgeable person were asked off-hand which British industry had done most to spread over the world an idea of the British character, and which had most largely contributed to foreigners' conceptions of British character, the answer he would probably give without hesitation would be: Shipping. But the more sophisticated could argue, and argue convincingly, that insurance has at least an equal title to that proud position. There is scarcely a country in the world in which some British insurance office has not established a branch or a subsidiary, more or less closely connected with its London parent and contributing a greater or less proportion to the office's annual revenue. And particular offices have in many cases policies current from one end of the world to another. One chairman at a centenary meeting this year wondered whether his oldest predecessors could "have anticipated the vastness of our world-wide operations; that our protection should embrace, among many other items, the most northerly cinema in the world, in Greenland; the most southerly cinema, in South Georgia, on the verge of the Antarctic; that we should be insuring property two miles above sea-level, in the Andes; and nearly 700 ft. below sea-level, in Palestine . . ."

Unfortunately, the data for an accurate and quantitative survey of the extent of our overseas insurance are not available. Very few offices give much information about their foreign interests and it is impossible to make reasonable guesses. In some countries, however, returns of the essential figures are officially published, and of these countries the United States is much the most important. In the tables at the foot of this page we give comparable figures for the last few years, which show

the experience of British offices in that country. They include the statistics for subsidiaries as well as branches, and are adjusted to the British practice of allowing for an unexpired risk reserve of 40 per cent. of the premium income. The exchange is taken at \$4.86½ to the £ throughout.

Tables 1 and 2 show results for fire insurance, a branch in which British offices have a particularly high prestige, dating from the days in which they paid up in full after the San Francisco earthquake. It should be remembered, however, that the term fire insurance in the U.S.A. covers a wider range of risks than in the United Kingdom. The aggregate figures show with remarkable clarity the way in which the trade cycle affects insurance business. The favourable experience of 1935, in particular, reflects the tendency of an upward movement of prices and national prosperity to improve the "moral risk." It is officially estimated that fire losses in the first half of 1937 were 3 per cent. below those of 1936. The results of 1937 may thus be expected not to differ widely from those of last year, allowing for the tendency of rate reductions to offset the reduction in fire losses. The individual results for the last two years show, however, the difficulties of generalising about particular companies.

Tables 3 and 4 relate to the miscellaneous branch, and show a smaller variation of profits. Despite a considerable improvement last year, due to better motor and workmen's compensation insurance, the miscellaneous branch remains much less profitable than fire insurance. Among individual offices, two converted losses into profits, in this branch, the Sun Insurance office having an especially happy change of fortune.

These results may be taken as illustrative of the

RESULTS OF BRITISH INSURANCE OFFICES IN THE UNITED STATES OF AMERICA

Table 1: Aggregate Fire Insurance Results
(TWENTY-ONE BRITISH COMPANIES OR GROUPS)

Year	Premium Income	Underwriting Profit Amount of Profit	Percentage of Premiums
1930	27,688,000	+ 647,000	+ 2.3
1931	25,814,000	- 41,000	- 0.2
1932	23,546,000	- 507,000	- 2.2
1933	22,851,000	+1,430,000	+ 6.3
1934	24,314,000	+1,614,000	+ 6.6
1935	24,507,000	+2,471,000	+10.1
1936	24,711,000	+1,683,000	+ 6.8

Table 2: Individual Fire Insurance Results
(SAME COMPANIES OR GROUPS)

COMPANY OR GROUP OF COMPANIES	1935			1936		
	Premium Income	Underwriting Profit or Loss	Percentage of Premium Income	Premium Income	Underwriting Profit or Loss	Percentage of Premium Income
Atlas	687,000	+ 71,000	+10.3	728,000	+ 9,000	+ 1.2
Eagle Star	440,000	+ 19,000	+ 4.2	442,000	+ 23,000	+ 5.1
Caledonian	374,000	+ 22,000	+ 5.9	380,000	+ 10,000	+ 2.5
Commercial Union	2,538,000	+ 303,000	+11.9	2,633,000	+ 223,000	+ 8.5
Century	364,000	+ 22,000	+ 6.2	230,000	+ 27,000	+11.7
Employers' Liability	410,000	+ 45,000	+11.1	438,000	+ 37,000	+ 8.4
General Accident	345,000	+ 22,000	+ 6.4	389,000	+ 18,000	+ 4.7
London Assurance	881,000	+ 110,000	+12.5	921,000	+ 70,000	+ 7.6
London and Lancs.	1,431,000	+ 198,000	+13.8	1,431,000	+ 93,000	+ 6.5
Nth. Brit. & Merc.	3,399,000	+ 398,000	+12.1	3,293,000	+ 313,000	+ 9.5
Northern	789,000	+ 72,000	+ 9.1	828,000	+ 50,000	+ 6.1
Norwich Union	613,000	+ 64,000	+10.4	592,000	+ 22,000	+ 3.7
Phoenix	1,239,000	+ 136,000	+11.0	1,242,000	+ 72,000	+ 5.8
Prudential	528,000	+ 75,000	+14.2	475,000	+ 33,000	+ 6.9
Royal	1,516,000	+ 7,000	+ 0.5	1,580,000	+ 82,000	+ 5.2
Royal Exchange	4,066,000	+ 384,000	+ 9.4	4,107,000	+ 340,000	+ 8.3
Liverpool & London & Globe	2,225,000	+ 256,000	+11.5	2,266,000	+ 177,000	+ 7.8
Royal Exchange	644,000	+ 48,000	+ 7.1	672,000	+ 33,000	+ 4.9
Scott. Un. & Natl.	885,000	+ 89,000	+10.0	673,000	+ 53,000	+ 7.8
Sun	872,000	+ 109,000	+12.5	837,000	+ 60,000	+ 7.2
Yorkshire	580,000	+ 23,000	+ 4.1	553,000	+ 16,000	+ 2.8
	24,507,000	+ 2,471,000	+10.1	24,711,000	+ 1,683,000	+ 6.8

Table 3: Aggregate Results in the Miscellaneous Branch
(ELEVEN BRITISH COMPANIES OR GROUPS)

Year	Premium Income	Underwriting Profit Amount of Profit	Percentage of Premiums
1930	27,065,000	- 439,000	- 1.6
1931	24,953,000	- 168,000	- 0.7
1932	22,312,000	- 377,000	- 1.7
1933	22,513,000	- 16,000	- 0.1
1934	23,657,000	- 275,000	- 1.2
1935	22,795,000	+ 434,000	+ 1.9
1936	23,784,000	+ 1,320,000	+ 5.5

Table 4: Individual Results in the Miscellaneous Branch
(SAME COMPANIES OR GROUPS)

COMPANY OR GROUP OF COMPANIES	1935			1936		
	Premium Income	Underwriting Profit or Loss	Percentage of Premium Income	Premium Income	Underwriting Profit or Loss	Percentage of Premium Income
Commercial Union	2,383,000	- 91,000	- 3.8	2,325,000	+ 96,000	+ 4.1
Employers' Liability	6,881,000	+ 49,000	+ 0.7	6,923,000	+ 383,000	+ 5.5
General Accident	3,502,000	+ 263,000	+ 7.5	3,722,000	+ 428,000	+11.5
Liverpool & London & Globe	2,914,000	+ 196,000	+ 6.7	3,217,000	+ 191,000	+ 5.9
London & Lancs.	613,000	- 2,000	- 0.4	701,000	- 1,000	- 0.1
Norwich Union	197,000	+ 56,000	+ 28.5	85,000	+ 15,000	+18.1
Phoenix	2,122,000	+ 89,000	+ 4.2	3,129,000	+ 85,000	+ 2.7
Royal	2,900,000	+ 167,000	+ 5.8	3,212,000	+ 107,000	+ 3.3
Royal Exchange	291,000	- 12,000	- 4.3	523,000	+ 92,000	+17.6
Sun	835,000	- 176,000	- 21.0	859,000	+ 35,000	+ 4.1
Yorkshire	157,000	+ 7,000	+ 4.3	185,000	+ 13,000	+ 6.9
	22,795,000	+ 434,000	+ 1.9	23,784,000	+ 1,320,000	+ 5.5

experience of British houses in most foreign countries, but with certain important qualifications. British offices transact about one-fifth of the total fire and casualty insurance of the United States, whereas in some other countries the proportion is probably higher. But at the same time we receive about half our total premium income in these branches from America; and no other overseas clients are, naturally, of a comparable importance to us. Another point of difference is that the American insurance industry is less highly protected than that of other countries, though the fact that each of the component States makes its own insurance laws adds immensely to the administrative difficulties of our offices there. There has never been any likelihood, however, of foreign offices deciding to close down, as they did in Mexico, in despair over the vagaries of the legislature. Nor have they to surmount the additional barriers of exchange restrictions, forced loans to Government and the like. In the United States, British offices compete with the local offices on grounds of something like equality; elsewhere as a rule that is definitely not the case.

Depression, autarky, currency depreciation and trade restrictions, in the last few years, have greatly added to the difficulties of insurance business abroad. The task of British offices has not been made any easier by a spate of insurance legislation in foreign countries. Nevertheless, the return of even moderate prosperity has been helpful, and the offices have emerged with their own position as sound as ever. It is well for Britain's balance of overseas payments that this should be so. Though it is most unlikely that the offices will ever undertake much life assurance, their fire and accident profits should continue to fill an important role among the "invisible" items of British exports.

Financial Notes

Banking Law and Practice.—Mr R. A. Wilson, the new President of the Institute of Bankers, made during the course of his Presidential address on Wednesday some interesting and constructive suggestions on the relations between banker and customer. He instanced the anomalous position of local authorities who still deal with their bankers through the medium of their treasurer. The present law of bankruptcy presented another danger to bankers. Furthermore, the risk to the banker of loss through forgery became greatly accentuated if a customer failed to examine his pass-book. The dangers confronting the collecting banker were well illustrated by the Savory case in which even the House of Lords could only reach a decision by a majority of three to two. Mr Wilson therefore made the suggestion that the committee appointed by the Lord Chancellor to consider revisions of the law should extend its labours so as to consider and recommend non-controversial codification, with a view to simplifying the law governing the conduct of banking and similar business. We entirely agree with the need for undertaking that work, and both by past tradition and present knowledge and experience the Institute of Bankers is well able to give invaluable advice to those who undertake this task. The remainder of Mr Wilson's address was concerned with the qualifications of a modern banker. Mechanisation had accelerated promotion and also emphasised the need for a proper selection of recruits to the profession. Simultaneously the growth in banking activities and the complexity of modern economic and financial affairs meant that the present-day bank officer required a far wider knowledge than his predecessor.

The Foreign Exchanges.—The main development this week is the further depreciation of the dollar, the week's movement being from \$4.95½ on October 28th to a peak this week of just over \$4.98. By Thursday the rate had recovered to \$4.97½. The cause of this move-

ment is partly psychological, for there is a rumour on the Continent that in order to arrest the American business recession President Roosevelt may decide upon a new devaluation of the dollar. The result has been Continental offerings of dollars, coupled with a renewed demand for gold for hoarding. This demand has driven the London price of gold up from a premium of 4d. to one of 9d. over the New York shipping price, and it looks as if the authorities in London are deliberately selling gold at this high premium in order to discourage transfers of floating funds from dollars into gold. French francs have remained very steady at about Frs. 147, with little movement of funds either into or out of France. Swiss francs have also remained steady at about Frs. 21.51. The Swiss authorities are no longer buying dollars, and so the Swiss franc has ceased to follow the dollar. The Belgian spot rate has remained at about Bel. 29.33, but forward belgas are slightly stronger, partly because of sales of spot belgas covered by purchases of forwards. Guilders are quoted at Fl. 9.00. Hitherto the Netherlands Bank has operated only in dollars, but this week it is reported to have bought sterling. It looks as if the pound has strengthened its position as the chief international currency, as the result of the dollar's new weakness.

The Bank Return.—Currency requirements over the end of the month explain the small increase of £2.8 millions in the note circulation. In the absence of any change in the Bank's gold, the reserve is reduced by the same amount.

BANK OF ENGLAND

	Nov. 4, 1936	Oct. 13, 1937	Oct. 20, 1937	Oct. 27, 1937	Nov. 3, 1937
Issue Department:—	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Gold	248.7	326.4	326.4	326.4	326.4
Note circulation	447.1	489.9	484.3	483.1	485.9
Banking Department:—					
Reserve	62.5	38.3	43.7	44.9	42.1
Public deposits	27.2	26.1	29.8	32.2	30.3
Bankers' deposits	85.3	92.9	89.3	87.7	89.4
Other deposits	41.8	36.4	36.3	36.6	36.6
Government securities	82.0	105.1	99.6	100.2	103.4
Discounts and advances	7.7	9.2	6.5	8.1	7.8
Other securities	20.0	20.4	23.2	20.9	20.7
Proportion	40.4%	24.6%	28.1%	28.6%	26.9%

In the banking department, the decrease in the reserve has been offset by an increase in Government securities. In spite of the Government dividend payments at the beginning of the month, public deposits are only reduced by £1.9 millions, the explanation of this small reduction being the absence of Treasury bill maturities on Monday and Tuesday. Bankers' deposits consequently have only risen by £1.7 millions.

The Money Market.—While conditions remain easy, the clearing banks experienced a fair afternoon demand for loans. As August 2nd was a Bank Holiday, there were no Treasury bill maturities on either Monday or Tuesday of this week, and so the banks were not keen buyers of bills early in the week. Later in the week they bought special dates in January and also mixed parcels of December and January bills.

	Oct. 14, 1937	Oct. 20, 1937	Oct. 28, 1937	Nov. 4, 1937
Bank rate	2%	2%	2%	2%
Clearing banks' deposit rate	1½%	1½%	1½%	1½%
Short loan rate:—				
Clearing banks	1½-1* 1½-1*	1½-1* 1½-1*	1½-1* 1½-1*	1½-1*
Others	1½-1 1½-1	1½-1 1½-1	1½-1 1½-1	1½-1
Discount rates:—				
Treasury bills	1½-1½	1½-1½	1½-1½	1½-1½
Three months' bank bills	1½-1½ 1½-1½	1½-1½ 1½-1½	1½-1½ 1½-1½	1½-1½

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

Last week the market obtained 62 per cent. of the £45 millions of Treasury bills allocated, but the minimum price paid had to be raised from £99 17s. 4d. to £99 17s. 5d. per cent. The average tender rate has thus fallen from 10s. 4.97d. to 10s. 1.55d. per cent.

THE STOCK EXCHANGE

Government and Gilt-Edged

GILT-EDGED stocks, which stood like a rock while ordinary share values were falling, have this week been sufficiently firm and strong to prompt market rumours of coming Treasury operations, ranging from a fresh issue of National Defence Bonds to the pre-conversion of 5 per cent. Conversion Loan, 1944-64. Which, if any, of these essays of market imagination has any substratum of truth, time will show. It is clear, nevertheless, that events are emphasising the importance of the double option which the Government holds on prosperity. Though a possible recession in trade would damage the Government's prophetic reputation, its secondary effects on the gilt-edged market might assist, rather than hinder, the Treasury, in financing its programme of re-armament borrowing.

There is already evidence of a transfer of investment resources from equities to gilt-edged stocks, at a time of active trade, when the national savings must needs be considerable. The Treasury has a well-filled armoury of tactical weapons for the prosecution of any borrowing campaign. Its control of the foreign issue market is complete and its regulatory powers over domestic gilt-edged borrowing can be made one-hundred-per-cent. effective whenever it chooses. It cannot, by a "request," maintain any particular level of market prices, but it may decisively affect their tenor by employing considerable financial resources, which are at its disposal under modern conditions, for the purchase of Government stocks. The extent and the strategic importance of these powers have hitherto received less than their due recognition in the market itself, and the present moment seems particularly opportune for examining them in some detail.

The Government's position as a large investor in its own stocks is not an entirely new development. The Post Office Savings Bank has been in existence for over 75 years, and the bulk of its funds have always been invested, through the National Debt Commissioners, in British Government securities. But the recent extension of the system of self-financing social services, of which the Unemployment Insurance Fund may be taken as typical, has greatly increased the Government's investment in its own wares. Professor N. F. Hall, who has made an important contribution to the study of these Public Funds, and has measured their complexity, questions, for example, the adequacy and honesty of our present system of national accounting in the presentation

of these large "extra-budgetary" Funds. The latest returns showing the total amounts involved in the principal Funds, whose investments are managed by the National Debt Commissioners, are summarised below:—

Fund	Approximate Amount
Post Office Savings Bank	£451,000,000
Trustee Savings Banks	130,000,000
National Health Insurance Fund	122,000,000
Unemployment Insurance Fund	43,000,000
Treasury Pension Fund	19,500,000
Post Office Fund	3,500,000
	769,000,000

This list of "Funds" is not exhaustive. It omits, for example, the balances in the custodianship of the Supreme Court and certain smaller funds administered by the National Debt Commissioners. The inclusion of these items provides a compact mass of some £800 millions, and this sum is invested by officials of the Government in the Government's own securities. We might, indeed, add to this total the £200 millions which represent the fiduciary portion of the Bank of England note issue, although it is generally assumed that part of this backing consists of Treasury bills, which fall outside the scope of this analysis. If these items were included, however, the total sums which are Government-invested in Government investments would reach £1,000 millions, equivalent to, say, one sixth of the total net internal debt of the British Treasury.

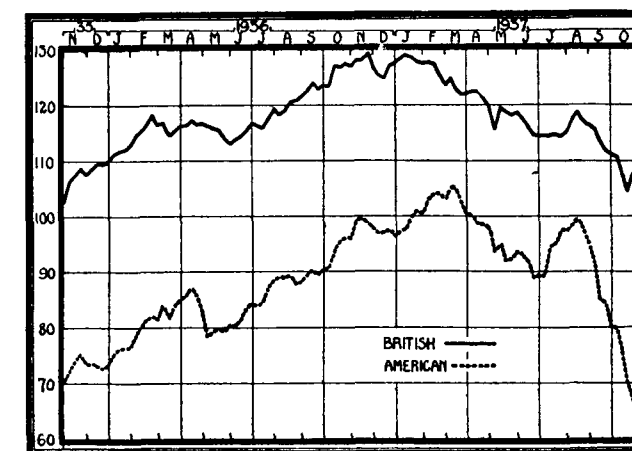
Two questions immediately suggest themselves. First, in what securities are these funds invested? Secondly, on what principles are they invested? The answer to the first question, so far as information is available, will be found in the table at the foot of this page. The figures have been compiled from the statutory returns in which the National Debt Commissioners show the investments held on behalf of the various funds. Several remarkable features are disclosed in the table. The huge holding of Local Loans 3 per cent. stock—£134 millions in nominal amount—on account of the Post Office and Trustee Savings Banks and National Health Insurance Fund is remarkable. This combined total represents no less than 31 per cent. of the Local Loans Stock now outstanding. How is it that so large an amount of this stock—which is, incidentally, redeemable only at the Government's option—has found its way into these funds? Partly, one

Investment and Company Notes

Course of Share Values.—It is too early to talk of recovery on the Stock Exchanges either of London or of New York. Prices in both centres were lower at the end than at the beginning of last month, and in New York, in particular, the net decline was considerable. Nevertheless, the chart given on this page suggests that for the first time since the late summer the downward movement has been stayed. The last week or two, indeed, has seen a perceptible strengthening of the technical position, particularly in London, and the cessation of forced selling is an essential condition precedent to even a most limited recovery. But the purge of bullish sentiment has been drastic and complete, and the economic outlook seems unlikely in itself to provide

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

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



anything to take its place. Even those who deny the probable imminence of any recession in industry and trade are no longer hardy enough to maintain that the economic curve will go much higher. The corollary (as we show in a leading article) has been a movement of funds into gilt-edged stocks and a canvassing of the view that general interest rates may not be destined to rise much, if at all, above their current levels. However this may be, it seems increasingly unlikely that a resumption of the bull market in equity stocks can be brought about in the next few weeks or months. The near future, however, may throw valuable light on the question whether current yields running up to 8 or 9 per cent. on seasoned industrial ordinary shares express new ideas of what is fitting in the way of income, or discount a fall in earnings and dividends of which there is no sign on the immediate horizon.

* * *

Wall Street and Margins.—The new margin regulations were well received by Wall Street at first, and it was estimated that they would free about half the accounts then restricted for want of margin. Apparently in some quarters the new regulations were interpreted as evidence of a trend to the right in the Administration's policy, but Washington soon removed such misconceptions, and there seems little prospect of any softening of the tax burden for the benefit of Wall Street operators. Mr Aldrich's diagnosis of the stock market trouble as due entirely to market regulations has naturally attracted support among Wall Street observers who dislike the Government; one moral drawn from this attitude is that

may assume, because it was found convenient, when fresh issues of Local Loans stock were necessary, to father upon the Savings Banks a substantial portion of the new issues. If the Local Loans conversion, for which the Chancellor of the Exchequer took powers a couple of years ago, had proved practicable, the Savings Banks, in deference to the national interest, would doubtless have subordinated their presumed desire to maximise the income on their deposits by accepting any reduction of Local Loans stock interest which might have been proposed.

Another interesting feature disclosed by the table is the holding of nearly £30 millions 1 per cent. Treasury Bonds by the Unemployment Insurance Fund. It was believed that this issue was not fully taken up by private investors in December, 1935, and the Unemployment Insurance Fund thus becomes identified as one of the "Public Departments" which can, on occasion, be called upon to take up unsubscribed portions of new Government issues.

So we approach the second question: On what principle are the Funds invested? Obviously, they are not invested—if our inferences regarding the holdings of Local Loans and Treasury Ones are accepted—in complete adherence to the principle which governs investment of private trust moneys, namely, in the paramount interest of the beneficiaries under the terms of the trust. These public Funds have thrown up a second, and what may be a conflicting, principle—that those entrusted with the investment of these extra-budgetary Funds may take into account the general national interest and need not confine themselves solely to safeguarding the interest of the beneficiaries of any particular Fund. In particular, the Funds may be used to promote the success of new Government loans, whether these loans are made to convert existing loans or whether they represent "new money."

In recent years, indeed, it has become increasingly common to offer new loans at a price above the current market level in the knowledge that, if public support is insufficient, the lists can be "helped out" by subscriptions from the extra-budgetary Funds. This policy was very successful up to 1935, when the trend of fixed-interest stocks was upwards. The "suggestion" contained in the issue price of the new loan that gilt-edged prices in general would again rise was frequently sufficient to make the rise a reality. Latterly the policy has been less successful. Large portions of new loans, taken up in the first instance by "Public Departments" (though not necessarily by the Funds which are the subject of this discussion) have been resold to the public at big discounts on the original issue price. Whether successful or not, the practice raises considerations of principle which must ultimately be resolved. Is it legitimate that the Government, admittedly seeking to act in the highest public interest, should resort to devices and expedients which if adopted by any of its subjects would be deemed a little discreditable, and might even be illegal? These columns are not devoted to moral philosophy, and the question must remain unanswered here.

But one practical point may be made. Thanks to re-armament, the Government is once more a borrower on balance. The power of controlling the gilt-edged market through the extra-budgetary funds, therefore, must be correspondingly diminished. The power of control which the Funds provide is, of course, to be measured rather by their annual rate of growth than by their actual accumulative size. This rate of growth is at present of the order of about £75/£80 millions annually, which represents, directly or indirectly, a very acceptable contribution towards the defence borrowing programme of £80 millions a year for five years. Granted this absorption, there is not, under present conditions, a substantial net surplus which can be projected on the gilt-edged market when required. It is surely unnecessary under present conditions to labour the consequences of this factor. But although this rough equilibrium may set a limit to the more positive forms of market control in the future, annual accretions of this order have undoubtedly played an important part in maintaining the mystique of cheap money.

GOVERNMENT SECURITIES (NOMINAL AMOUNTS) HELD BY PRINCIPAL FUNDS

Based on Statutory Returns to Dec. 31, 1936 or March 31, 1937 (in £'000s.)

Fund	2½% Consols	3% Local Loans	2½% Guar.	3% Guar.	3½% War Stock	3½% Conv. 1961	3% Conv. 48-53	4½% Conv. 40-44	3% Fund. 59-60	1% Treasury Bds.	5% Conv. 44-64	2½% Fund. 56-61	2½% Fund. 52-57	2½% L.E. Trans. Fin.	4% Conv. 44-49	4% Consols	4% Fund. 60-60	Annul-ties and Ad-vances	Total Securities held
Post Office Savings Bank	26,021	40,987	15,766	41,870	41,451	15,751	9,393	...	32,770	170	657	2,427	71	1,415	7,572	1,302	644	183,073	450,765
Trustee Savings Banks and Friendly Societies	12,930	17,832	3,286	6,421	15,182	6,740	2,887	...	12,085	...	15	875	...	708	4,356	680	380	37,561	129,844
Nat'l Health Insurance Fund	190	75,320	2,538	4,266	22,106	10,279	...	...	12,372	701	...	...	...	...	...	6,086	747	...	122,224
Unemployment Insurance Fund	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	43,406
Treasury Pension Fund	...	...	...	...	...	...	1,410	10,586	...	250	...	...	...	...	...	...	...	...	19,688
Post Office Fund	100	183	...	...	...	...	...	...	...	...	...	...	...	...	1,157	...	...	...	8,510
Total	39,241	134,822	21,598	52,557	76,789	32,770	13,690	22,958	45,906	38,223	673	3,302	71	2,123	13,065	8,078	1,771	220,634	769,834
Percentage of total issues..	14.4	51.4	8.6	7.6	4.1	4.6	4.6	6.3	31.5	36.2	0.2	1.7	...	6.3	6.3	2.0	0.5	...	...

the Government should stop its so-called meddling, balance its Budget and leave private enterprise to its own resources. And yet one factor in the present situation is the success of the Government in nearing budgetary equilibrium. The pump-priming expenditure from Washington has been severely contracted, to the extent that there will probably be a cash balance in the current financial year; yet the pump still refuses to work of itself. Obviously rising costs of production and of living have slowed down the response of private industry to the priming. But it is doubtful if the Government will react to the situation by relaxing its regimentation of what it regards as the evils of speculation.

Should "C" Stockholders Pay?—The publication of the London Transport Board's accounts (discussed in a leading article last week) raises a point of principle. The manner of publication of the Board's accounts is determined by Section 48, paragraph (3), of the Board's Act of 1933. Under this section, the Board must send a copy of its report to the Minister of Transport "and shall publish the accounts in such manner as the Minister shall direct, and shall place copies thereof on sale at a reasonable price." It is understood that the Minister's directions do not require the Board to issue a copy of the report to "C" stockholders as a matter of right. Instead, they are required to pay their shilling in the same way as the general public. It may be argued that the Board's report is something more than a financial record of the undertaking. Undoubtedly, it is devised as a "public relations" document, but it contains the only official financial record of the Board. And since the "C" stockholder—unlike the stockholder in public boards such as the Port of London Authority or the Metropolitan Water Board—is, for all practical purposes, an equity stockholder, it is important that he should have the opportunity of studying the progress of the Board towards standard dividends. No other equity stockholder, however, is compelled to pay for his information. And while the cynic might regard it as a good thing that the "C" stockholder should buy the report and thus make some contribution towards his dividend, the Board's report is evidently an expensive document to produce and well worth the shilling to the general reader.

Perhaps it may be apposite to cite the experience of an even greater undertaking—the London, Midland and Scottish Railway. For some years past, that company has distributed to its stockholders, not the complete report, but a summary of financial results. But it has furnished the full accounts—gratis, of course—to all who have applied for them. It is understood that less than one-half of one per cent. of the stockholders have exercised their prerogative. Perhaps a similar expedient might be adopted by the Board under the Minister's direction. Legalists may question, doubtless, whether nothing is "a reasonable price," but it seems desirable in principle that stockholders should have access to official information whose bearing on the prospects of their investment is vital, without being compelled to pay for it. And perhaps, ultimately, other large statutory undertakings will be spurred to commendable emulation in the production of informative, detailed and pleasing annual reports; and will measure their success by the number of applications they receive from stockholders who will not be happy till they get them.

Foreign Bond Movements.—Greatly reduced trading, two undeclared wars and a break in Brazilian bonds have been responsible for the further fall in foreign bond levels during the past month. The Municipal and General Securities' total index is again 1.3 points below the average for the base period—January to June, 1934. But a surprising exception to the falls of the sectional indices is a slight rise in the Far Eastern group, due to bear covering in Chinese issues. The month's movements are set out in the next column.

Average January–June, 1934=110

End of Month	Europe	Near & Far East	Egypt	South and Central America			Complete Index	Under-forecasted Bonds	Over-forecasted Bonds
				States	Provinces	Total			
1936 Dec....	(31) 97.7	(31) 114.0	(4) 99.7	(36) 120.2	(11) 110.0	(47) 117.8	(113) 110.3	(59) 105.8	(54) 115.3
1937 Jan....	103.6	116.2	100.6	(35) 128.5	131.7	(46) 129.3	(112) 117.0	(58) 107.3	128.5
Feb....	(30) 102.9	120.0	99.6	131.8	131.8	131.8	(111) 118.0	(57) 108.1	131.8
March	100.3	120.8	97.8	126.2	120.1	124.7	(110) 115.7	(56) 106.7	126.0
April	100.9	120.2	97.1	124.7	122.7	123.3	115.4	106.6	125.4
May....	101.6	123.1	98.3	124.3	120.7	123.4	116.2	108.0	125.3
June	101.3	125.5	98.1	124.8	118.2	123.2	116.6	109.8	125.1
July....	105.9	117.6	97.9	127.8	117.5	125.3	116.7	106.3	128.6
August	103.1	95.3	98.5	122.4	118.4	121.4	107.7	99.1	117.4
Sept.	101.9	87.2	99.5	118.1	111.8	115.0	108.4	95.9	109.7
Oct....	100.0	88.1	98.3	105.1	108.2	105.8	98.7	95.6	102.1

Note: Figures in brackets show number of bonds.

Widespread falls in the South American group have produced a drop of 9½ per cent. in the South American "States" index—the largest fall in any month since the index started. Such are the consequences of continued silence regarding the renewal—or replacement—of the Aranha plan for Brazilian bonds.

Capital Issues in October.—The new issue market in October succumbed completely to the prevailing market depression. The amount of new money subscribed is below the same month in 1936, and only exceeds the holiday month levels by a small margin. Figures for recent months follow, on both "old" and "new" bases:—

(000's omitted) Excluding Conversions

Monthly Average (Old Basis)	United Kingdom	British Possessions	Foreign Countries	Total
1933	17,520	2,429	449	20,398
1934	11,474	2,490	125	14,093
1935	18,388	1,270	21	19,679
1936	19,195	2,035	58	21,288
(New Basis)				
1935	27,233	2,443	97	27,773
1936	37,370	2,823	964	41,157
Monthly Total (Old Basis)				
Aug., 1936	Dr. 150	2,940	3,712	6,511
Aug., 1937	Dr. 450	4,264	487	4,301
Sept., 1936	Dr. 200	7,305	448	7,553
Sept., 1937	Dr. 550	4,487	2,706	6,643
Oct., 1936	Dr. 150	19,772	4,404	24,026
Oct., 1937	Dr. 400	6,965	350	6,915
(New Basis)				
Aug., 1936	Dr. 150	12,887	4,779	17,516
Aug., 1937	141,254	8,246	1,163	150,663
Sept., 1936	Dr. 200	10,379	5,382	15,699
Sept., 1937	Dr. 550	5,634	5,897	10,981
Oct., 1936	Dr. 150	37,849	4,633	42,332
Oct., 1937	Dr. 400	10,528	1,061	11,189

† Includes £40,804 for Tithe Redemption 3 per cent. Stock.

Industrial offers have been at low ebb, for of the £6,915,000 involved in public issues in October, over £4,500,000 is represented by the Sheffield, Hull, and Hertfordshire loans. Calculations on the "new basis" show an equally unimpressive result, despite the contribution made by issues to existing shareholders.

Whither British Celanese?—Hopes are insubstantial substitutes for dividend warrants, but the junior shareholders of British Celanese have long lived on them. Prosperity for the company has always been round the next corner, and the directors have certainly not hidden their optimism under a bushel. They do not hide it in the latest report. Artificial silk production has reached new records; but the company's profits are reduced from £2,306,107 to £2,195,760, for reasons which have an unwelcome but familiar ring. Price stability has not yet been reached in the industry. Changing political conditions produced abnormal fluctuations in demand—consequently the relative manufacturing conditions

were not favourable to the most economical production." Additional research on new products is expected to produce its fruits in the future. An analysis of the latest profits follows:—

	Years to June 30 (approx.)		
	1935	1936	1937
Trading profit	2,350,491	2,306,107	2,195,760
Total profit	2,359,420	2,310,784	2,212,742
Expenses, commutation of royalties, and taxation	1,248,350	1,237,113	1,169,106
Research, advtg., etc. ...	148,331	190,633	239,991
Depreciation	304,000	310,000	350,000
Deb. and bond service ...	215,601	208,530	206,567
Earned for pref. divs. ...	443,138	364,508	247,078
1st pref. divs.	271,250*	322,875†	132,344‡
2nd pref. divs.	Nil	Nil	121,523§
Earned for ord. div.	Nil	Nil	Nil
Carried forward	260,692††	302,235	295,536

* 2½ years' arrears. † 3 years' arrears, bringing div. up to date.
‡ Year to April 30th. § Half-year to October 1930.
†† After writing off £25,000 underwriting commission.

The recent dividend announcement lent itself to the inference that a scheme might be presented with the report to deal with arrears on the second preference capital, which now amount to £2,071,875. But instead the board still hopes to deal with these arrears without inflicting sacrifices upon any class of shareholders, when earnings show a margin over the regular dividend requirements of both classes of preference shares. The past year's record shows, in fact, that even the half-year's dividend on the second preference capital was not fully earned. In such circumstances, it is more than courageous but a little less than convincing to insist that preference rights will be fully satisfied without sacrifice. Taken literally, such determination would postpone the ordinary shareholders' prospect of dividend to the Greek Kalends. There is, as we have previously insisted, a clear case for capital reconstruction. The company is certainly a profit-earner, but its present capitalisation is out of relation to its proved earning power. Thus, even at the low level of 4s. 7½d. the ordinary shares seem generously valued.

Electric and Musical Industries.—Although the 10 per cent. dividend is unchanged, an increase of nearly £107,000 in the income of Electric and Musical Industries is in welcome contrast to the previous year's disappointing setback. The latest profits have not shown a full recovery, but comparison is necessarily imperfect owing to the undertaking's conservative practice of debiting development and research expenditure before striking the balance of profit. Some greater earnings stability can, however, be detected, and may be continued. The company's policy is more settled and its range of products increased. It was compelled to change from gramophones to radio business (which it did much to consolidate) and has introduced a range of household appliances. The Rudge-Whitworth acquisition introduces motor and pedal cycles, and in television the company has obtained a leading position. Perhaps the future course of profits may be more regular than that shown in the following table for the past three years:—

	Years ended September 30		
	1935	1936	1937
Gramophone cos'. dividends	445,603	254,446	361,280
Other income	121,441	112,052	112,133
Total income	567,044	366,498	473,413
Expenses and fees	116,042	99,709	109,449
Income tax	108,000	20,000	50,000
Preference dividend	21,390	21,131	20,786
Ordinary shares:—			
Earned	321,612	225,658	293,178
Paid	281,216	221,344	217,716
Earned (%)	14.3	10.2	13.5
Paid (%)	12½	10	10

Carry forward

† After crediting £114,544 special dividends, being profits on sales of securities.

Owing to an increase in expenses and tax (the previous year's provision was abnormally low), the advance in the amount available for the ordinary shareholders is about two-thirds of the total increase. The margin of earnings over dividend, however, is larger than at any time since the company was formed, and as there is no reserve fund, the surplus is added to the balance carried forward, which now amounts to nearly 10 per cent. of the ordinary capital. The principal balance sheet change is a rise from £864,959 to £1,324,837 in stocks of the combined businesses, while the liquid position of the parent company naturally shows a contrary tendency. The accounts do not show the effects of the Rudge-Whitworth acquisition, since negotiations were not completed at the balance sheet date. But a wider spread of overhead expenses should result from the deal, with, in due course, a satisfactory contribution to profits. On the television side, there is no accumulation of development expenditure to write off. At the current price of 18s., to yield £5 11s., the 10s. shares appear fairly valued.

Imperial Airways Report.—The Imperial Airways report gives shareholders a modicum of information, but leaves them with a keen appetite for more. At first sight it seems surprising that an increase of 7.7 per cent. in traffic ton-miles should have produced an advance of £25,000 in trading profit, while the previous year's 37 per cent. increase in traffic service was accompanied by a rise of only £3,000 in trading profits. But the company, although it has a straight equity capitalisation, is technically so highly geared that the ordinary share earnings are more than doubled at £134,736. Obsolescence is a large "prior charge" which again absorbs half the total income, but relatively important savings have been effected on depreciation, income tax and staff provision. The analysis appearing on the following page shows that the 9 per cent. distribution is covered by earnings of 19.4 per cent.

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	Years ended March 31,		
	1935	1936	1937
Profit and other income	376,848	383,134	408,206
Obsolescence	192,960	199,328	193,918
Depreciation	33,963	27,104	1,808
Insurance	24,655	24,496	35,744
Fees, tax, and other charges	27,750	56,250	42,000
Staff provident fund	50,000	15,000	...
Ordinary shares :—			
Earned	47,520	60,956	134,736
Paid	33,855	38,069	42,126
Earned %	9.8	11.4	19.4
Paid %	7	8	9
Contingencies reserve	30,000	40,000	95,000
Carry forward	64,503†	59,618	64,713†

† After crediting recoveries of claims not attributable to year of accounts: 1935, £31,593; 1936, £12,229; 1937, £7,487.

The company, pursuing its past policy of reticence, reveals neither the total traffic receipts for the year, nor the amount received in Government subsidy. Investors, however, who wish to look behind the scenes may be interested in the revision of a calculation which we made a year ago on the basis of the 1935-36 results. We then suggested that the company failed to balance its operating account by some £66,000, compared with £225,000 for 1934-35. The latest calculation starts from eleven months' traffic receipts to February last of £1,678,125. Making an estimate for March, total traffic may be taken at £1,825,000 for the year. It would appear from the Air Estimates for 1936-37 that the company was due to receive £383,000 in subsidies. Its computed total income, therefore, amounts to £2,208,000. Since the trading profit amounts to £394,041, it must be inferred that operating expenses absorbed £1,814,000. On last year's working, therefore, the company's operating account provided a surplus of about £10,000 towards meeting obsolescence, general expenses and the increased dividend.

After the confusion which surrounded the new issue last June—the only explanation of which seemed to be that high quarters regarded the earlier level of the shares as too optimistic—there is some need for care in assessing the company's dividend outlook. As the "chosen instrument" of the Government, the company will operate the new Empire Air Mail Services from January next on a revised subsidy basis. It is impossible to gauge the outcome of this change for the shareholder. To judge from our estimates, the company has made considerable progress during the past three years towards the most efficient operation of its fleet. But the scale of its operations in future will be vastly expanded, and its operating conditions wholly different from those of recent years. While the new subsidy arrangements have been left purposely elastic, they do not, of themselves, carry any guarantee in respect of a particular rate of dividend upon the capital. The scheme envisages an allowance of 10 per cent. on the capital, under certain conditions, to cover "return on capital and provision of reserves not specially provided for in the estimates." These, however, are the terms which might reasonably be granted by the Government to its chosen instrument. They are not incompatible with the suggestion that the higher yield basis on the shares which now obtains should become permanent.

Central Argentine Railway.—By a trick of Nature, the Central Argentine Railway last year jumped into a state of high prosperity. It was an exceptional maize-carrying period—the Argentine had a large carry-over, the United States' crop failed, and the maize crop this year was again good. Hence the "persistent demand" for the company's transport services, which has increased the line's gross receipts from £9,777,638 to £12,217,048—a jump of 25 per cent. Working expenses have increased from £7,370,191 to £8,460,156, but this increase of 14.8 per cent. includes additional provision for renewals, and direct operating expenses were, in

fact, only 5.1 per cent. higher. It is clear, therefore, that the surprisingly good preference dividend payments have been conservatively earned, for renewals and replacements totalled £977,409 (charged in operating expenses) compared with £274,490 for the previous year. The effect of the recovery is shown below:—

	Years ended June 30th		
	1935	1936	1937
Gross receipts	9,865,160	9,777,638	12,217,048
Working expenses	7,158,446	7,370,191	8,460,156
Operating profit	2,706,714	2,407,447	3,756,892
Income from investments	33,592	34,816	32,077
Exchange losses	1,228,623	1,021,079	1,320,123
Debt interest	1,019,996	1,037,280	1,049,638
Other interest charges, etc. ...	316,326	270,042	222,969

Preference stocks:—

Earned	175,362	113,862	1,196,239
Paid*	Nil	339,350	1,036,307

Contingencies Reserve	—	—	157,434
Carry forward	673,747	448,260	450,757

* On 4½ per cent. preference stock, £339,350 or 3½ per cent. in 1935-36, £436,307 or 4½ per cent. in 1936-37; on 6 per cent. cumulative preference stock, £600,000 or 12 per cent. in 1936-37, being for 2 years to June 30, 1934.

Second preference stockholders, who are at least senior to the first preference stockholders in that their dividend rights are cumulative, will find definite encouragement in these figures. Both classes, however, would be still more hopeful if the Argentine Government were to adopt a more generous basis of exchange control. Some exchange charge there must be, except in the unlikely event of a return of the peso to parity with sterling. But the Argentine railways are on firm ground when they demand that the exchange system should not be converted into an apparatus of indirect taxation. The control, in short, should be prepared to let the peso find a more natural level, or to give the British companies the special benefits to which the Anglo-Argentine agreement referred. Meanwhile, the traffic returns of the company show a relatively small fall when allowance is made for the bumper business of a year ago. But the stockholder has to take a fairly long crop risk since maize—the company's most important source of revenue—is harvested later than wheat. The first preference stock stands at 54 to yield £8 6s. 6d. per cent. on full dividend, while the second preference stock, after allowing for three years' arrears, yields £10 10s. per cent. at 75.

From the Chair.—Any investor with a well-diversified portfolio will find the proceedings at this week's company meetings of more than ordinary interest. Tin restriction policy, milk marketing, the aircraft shadow scheme, and the outlook for spelter—these are some of the topics which have been discussed. Mr D. J. Ward is a fitting successor to Mr Henry Frisby as chairman of *Pahang Consolidated*. At this week's meeting he proved a no less vigorous critic of the incidence of restriction upon Malaya, and declared that Malaya alone would feel the effect of the expected 25 per cent. cut in output with full force. Since Malaya is allowed to produce only 73 per cent. of the international allowance, under-assessment severely increases the effect of quota cuts, and for a lode mine like *Pahang* the resulting effect upon costs is important. An interesting point on changes in social behaviour and distributive costs was brought out by Mr J. H. Maggs at the *United Dairies* meeting. Ten years ago the company delivered an average of 1.680 pints per day to each customer. The present figure is 1.433 pints. Hence distribution costs have increased, and Mr Maggs declared that, although the distributive margin had been increased by one-third of a penny per gallon, the company "was left with a lower net margin." Sir Alexander Roger's speech at the *Birmingham Small Arms* meeting commented favourably on each branch of the company's manifold interests. Progress in the motor section was reported—the company has lately developed new commercial vehicles. The

"shadow factory" has produced its first batch of aero engine components, which have been assembled with satisfactory results. The B.S.A. Guns subsidiary is occupied with substantial Government contracts, and shareholders will recall that last year's results included no profit from this source. Finally, the group which manufactures machine tools and small tools still has healthy order books. The company, in short, has pulled itself into recovery, and its prospects for the current year seem satisfactory. At the *Imperial Smelting Corporation* meeting, Lord Horne expanded the comment in the report that zinc smelting profits were again unsatisfactory, and dwelt at length on the question of protection for the industry.

Rhodesian Anglo-American Accounts.—The accounts of "Rho-Anglo" are a reflection of the prosperity of Rhodesian copper producers disclosed by recent reports. Thanks to the remarkable advance recorded by Rhokana, Rho-Anglo's total revenue for the year to June 30th, has risen from £250,972 to £867,899. The amount earned for the ordinary shares is thus nearly 240 per cent. higher, at £600,733, a result which covers the 15 per cent. dividend by a small margin. Owing to the issue of reserve shares in connection with the Nchanga flotation and the exercise of options, this dividend is payable on a larger capital, while a further exercise of options and the Loangwa Concessions exchange of shares have increased the capital from 9,929,784 to 10,490,770 ros. shares since June 30th. The provision of £400,000 raises the general reserve to £1,600,000, including the balance of depreciation reserve no longer required, but this provision represents in effect share premiums credited to the appropriation account. The balance sheet illustrates alike the transformation of the earning capacity of Rhodesian copper producers in a space of two years and the extension of the company's interests. At June 30th, holdings in Rhokana amounted to 1,340,288 shares, but the market values of all investments exceeded book values of £8,172,424 by 130 per cent. at that date. The most interesting feature of the balance sheet, however, is the rise from £251,034 to £1,312,757 in the book value of other investments, reflecting the subscription of 1,002,914 shares of Nchanga Consolidated Copper Mines. Further, although at the date of the balance sheet, only 25 per cent. of Loangwa Concessions capital was held, arrangements have been made to acquire the remainder by an exchange of shares. At a current price of 23s. Rhodesian Anglo-American ros. shares yield £6 10s. per cent. This yield may at first sight seem generous, but it appears lower than the potential return of the producers themselves during the current year.

Luipaards Vlei.—Notice is given with the latest report of a resolution authorising the directors to borrow an additional sum of £300,000. Additional finances were provided at the end of 1934 by an offer of £275,000 convertible notes. At June 30th last, this issue had been reduced to £209,230 by conversion into shares. Premiums amounting to £57,880 had been received, and the issued capital was increased to £282,170. The balance sheet shows that a loan of £70,000 has already been secured in London. Including this sum, the cash position at the date of the balance sheet showed a short-fall of £39,740, without including the £70,550 required for the final dividend. Minor extensions to the plant have just been completed. The new borrowing is to permit the exploitation of the property on a scale commensurate with its size and the grade of ore available. Little change is shown in the latest operating results, although the working profit shows a reduction of £27,000 to £213,000. A substantially increased development footage produced only a trifling expansion in the ore reserves, but the value is higher. The current price of 21s. 3d. for the 2s. shares obviously takes account of larger distribution possibilities in the future.

Lake View and Star.—Owing largely to additional expenditure on development, last year's profits declined by £38,500 to £439,900. Hence the company was unable to repeat the bonus of 2½ per cent., which raised the distributions in respect of 1935-36 to 52½ per cent. The fruits of the additional underground work are shown in an expansion of 217,400 tons in the ore reserves to 3,414,600 tons, the average value being slightly lower than before at 5.68 dwts. The tonnage represents nearly six years' supply for the mill. A combination of the gold scares and recent unfavourable developments on various West Australian gold mining properties has depressed the price of Lake View 4s. shares to 17s., some 8s. below the best of the year. At this quotation the yield on the 1936-37 dividend is as high as 11½ per cent. The report for the September quarter shows that the company is maintaining its rate of earnings.

Other Company Results.—Nearly forty further reports are included in our usual analysis of profit and loss accounts on page 292. Apart from a number of investment trusts, the week's results consist mainly of smaller industrial concerns. The results are discussed under the heading "Shorter Company Comments" on page 291.

Company Meetings of the Week.—Reports of company meetings commence on page 281 of this issue. Points from speeches at the *Pahang Consolidated*, *Birmingham Small Arms*, *United Dairies* and *Imperial Smelting* meetings are discussed on page 272. The unduly heavy burden of taxation under the new system was emphasised by Mr R. S. G. Stokes at the *New Modderfontein* meeting. More than 40 per cent. of the company's working profits was paid in taxation and, despite the declining grade of ore, the charge was unlikely for some years to fall below 37 per cent. Addressing the members of *Nourse Mines*, Mr Stokes referred to the increase in tonnage milled, the decline in yield and working profits—balanced by a reduction in taxation—and to the maintenance of ore reserves at over 4,000,000 tons. At the *Buenos Ayres Western* meeting Sir Follett Holt emphasised that in the best interests of Argentina, a greater share of the present general prosperity for the railways was merited. Mr A. Chester Beatty had the pleasant task of discussing before members of *Consolidated African Selection Trust* the largest profits which the company had made, and announced a free bonus issue of three new shares for one old. At *Horlicks* meeting, the chairman described the present rate of sales as most encouraging. The chairman of *Singapore Para Rubber* explained that the new share issue would enable the company to begin gradual replanting. At the *Jantar Nigeria*, Mr Percy Tarbutt reported that the American buyers of Columbite had exercised their right to renew their contract.

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THE WEEK IN THE MARKETS THE STOCK EXCHANGE

TICKET: NOVEMBER 16 ACCOUNT: NOVEMBER 18

This week's market feature is undoubtedly the strength of gilt-edged. It would be difficult to find a feature in any other group. In general, the markets have lacked vitality. Ordinary shares, where changed, are fractionally lower, but fixed interest issues, under the lead of gilt-edged, remain firm. There is a scarcity of first-class debentures and preference shares, but first class equities are less impressive.

The gilt-edged market hummed merrily to the tune that a conversion operation was planned for the 5 and 4½ per cent. Conversion issues, or that a new instalment of defence finance was on the way. Although some signs of "preparation" had been recently discerned, both rumours seemed less reliable than the broad fact that the market is obtaining strong support, partly on the lines indicated in a leading article on page 268, and partly on the argument that cheap money can be kept cheap. Local Loans were especially prominent in mid-week, when War Loan reached 101 bid.

A strong movement in Australian issues was followed by a halt for profit-taking in mid-week. Home corporation scrips staged an improvement to coincide agreeably with the successful Wakefield issue on Thursday.

The foreign bond market gave most attention to Japanese issues, on hopes that the Nine Power Conference would assist a settlement of the war. But Chinese Customs issues were also in favour. German bonds reacted, and Brazilian issues continue to reflect uncertainty regarding the future of the debt service.

Home rail stocks opened in poor style, but after the Funds had assisted prior charges, distinctly better traffics helped the ordinary stocks. Business, however, remained small. Argentine issues were idle. Cordoba first debentures reacted on the news that the Government would operate the line for a year, while the Central Argentine results (discussed on page 272) brought no assistance.

Small and irregular days in the industrial markets have resulted from the closing of Wall Street and Paris, from revised ideas regarding political appeasement, and from reluctance to commit any sizable funds into equity shares until the industrial outlook becomes clearer. The American market has again depressed the trans-Atlantic favourites, and domestic issues for the most part were slightly down. The heavy industrial group, apart from occasional support for Vickers, closed generally lower. Electrical equipment shares have proved uncertain in their movements, Crompton Parkinson, as usual, falling most. Small losses testified to a complete absence of support in the motor group.

British Celanese were flat on the profits (discussed on page 270) and the investment groups, like brewery and tobacco shares, enjoyed little of the support which usually marks the new account. Bank issues tended to improve and insurance shares were steady, but the leading miscellaneous industrials were easier without exception.

Conditions in the oil market were dull in the early part of the week, the general tendency to quietness being increased by the closing of the Paris Bourse and Wall Street. Late on Monday, Trinidad Leaseholds rose on the dividend announcement, the improvement spreading to other issues. Continental support for Royal Dutch then stirred the market a little, and small gains were common. In the rubber market, the week was one of the quietest and least interesting for some time. An initial marking up of quotations on a temporary recovery in the commodity price was short-lived. Falls were small, but the amount of business shrank as the week progressed. Tea shares were more inactive than in recent weeks, though prices were fairly well maintained.

The mining market was hardly less dreary, interest reviving a little in mid-week when the Paris and New York Stock Exchanges re-opened. There was also a disposition to wait upon political events, and prices reacted through lack of support. The main feature of the Kaffir market was the appearance of some investment buying, and quotations for the producing mines hardened. Business in Rhodesian copper issues was poor, while tin shares were consistently marked down.

PRIVATE BANKING HOUSE wishes to engage additional Dealer for its Foreign Bonds Department. Offers, stating experience and connections, to Box 48, The Economist, 8 Bouverie Street, E.C.4

"FINANCIAL NEWS" MARKET INDICATORS

	Oct. 28	Oct. 29	Nov. 1	Nov. 2	Nov. 3	Nov. 4
Approximate total of bargains recorded in S.E. List	7,145	7,395	6,985	6,270	6,600	6,455
Corresponding day 1936	13,567	14,608	16,571	14,359	13,452	12,958
Security Movements						
Index of 30 Ordinary Shares (July 1, 1935 = 100)	105.0	105.2	104.7	104.0	103.9	103.1
Index of 20 Fixed Interest Securities (1928 = 100)	127.4	127.6	127.7	127.8	128.0	128.3

Highest 1936: Ordinary Shares 124.9 (Nov. 18); Fixed Interest 138.8 (Feb. 10).
Lowest 1936: Ordinary Shares 107.4 (Jan. 2); Fixed Interest 136.2 (Sept. 23).
Highest 1937: Ordinary Shares 124.8 (Jan. 4); Fixed Interest 136.6 (Jan. 4).
Lowest 1937: Ordinary Shares 99.0 (Oct. 12); Fixed Interest 126.0 (Sept. 8).

ACTUARIES' INVESTMENT INDEX

The Actuaries' index of 177 industrial equity prices fell slightly to 77.4 last Tuesday, as compared with 77.5 a week ago. A month ago the index stood at 79.3. The corresponding yields are 4.69, 4.69 and 4.61 per cent. A selection of the separate indices follows:—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yield (%)		
	Month ago (Oct. 5, 1937)	Week ago (Oct. 26, 1937)	This week (Nov. 2, 1937)	Month ago (Oct. 5, 1937)	Week ago (Oct. 26, 1937)	This week (Nov. 2, 1937)
Insurance companies (24)	123.7	121.1	120.1	3.54	3.62	3.64
Building materials (5)	82.2	87.0	88.7	6.21	6.21	6.08
Coal (7)	120.8	114.1	111.3	4.15	4.30	4.34
Iron and steel (12)	72.8	71.6	70.3	5.36	5.46	5.56
Oil (5)	87.4	85.4	86.0	7.56	7.70	7.67
Electric supplies (10)	138.3	136.7	137.8	4.56	4.61	4.59
Stores and catering (17)	72.8	69.7	70.2	4.00	4.12	4.09

OVERSEAS STOCK EXCHANGES

NEW YORK

THE immediate response to the new margin rules was a sharp rise which was held practically to the end of business last Saturday. Hopes gained currency that relaxations would be announced in the capital gains and undistributed profits taxes. On Monday of this week trading was quieter, and the estimate of lower steel mill activity for the current week created a depression in steels which spread round the market. Tuesday was closed for the municipal elections. Wednesday saw a general fall in prices which carried the Dow Jones industrial index down to 130.14, against Saturday's close of 138.17. Steel shares were lower on the estimate of Iron Age that steel mill activity for the current week will be 48 per cent. of capacity against 51 per cent. for last week. Motor and railroad shares were among the groups most affected, and oils were weak on the reductions in gasoline prices. Gold shares rose against the trend. On the bond market, Treasuries were firm, but the more speculative issues moved in sympathy with the stock market.

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

	1936		1937		Beginning of Year 1937	Oct. 20, 1937	Oct. 27, 1937	Nov. 3, 1937
	Lowest	Highest	Lowest	Highest				
	Apr. 29	Nov. 10	Nov. 3	Mar. 10				
347 Industrials	112.7	145.9	99.4	155.7	143.2	101.9	100.7	99.4
32 Rails	42.8	60.2(b)	31.5	64.5(f)	54.6	32.5	32.5	31.5
40 Utilities	91.2	111.0(a)	78.3	118.4(g)	111.7	79.1	78.3	78.3
Total, 419 Stocks	97.7	125.4	84.9	132.4	123.5	86.9	85.9	84.9
Average yield*	4.50%	2.65%	6.39%	3.20%	3.53%	6.13%	6.22%	6.30%
	High	Low	High	Low				

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

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

	Highest*	Lowest†	Oct. 27	Oct. 28	Oct. 29	Oct. 30	Nov. 1	Nov. 2	Nov. 3
	180.3	104.8	114.9	117.5	120.5	120.6	117.8	(c)	112.1
* March 6th. † October 18th. (c) Closed for Election Day.									

TOTAL DEALINGS IN NEW YORK

	Oct. 28	Oct. 29	Oct. 30*	Nov. 1	Nov. 2	Nov. 3
Stock Exchange—Shares (No. Thous.)	2,480	2,800	710	1,030	Closed	1,740
Bonds (Thous. \$) ...	9,120	10,230	4,140	5,430	(c)	8,960
Curb—Shares (Thous.) ...	367	429	128	159		241

(c) Election Day.

* Two-hour session.

	Oct. 27, 1937	Nov. 3, 1937	Nov. 4, 1937
	(Close)	(Close)	(Latest)

1. Rails & Transport			
Atchafalaya	39½	38	39
Balt. and Ohio	13½	13½	13½
B.M.T.	10½	10½	10½
Can. Pacific	38½	37½	37½
Ches. and Ohio	28½	27½	26½
Ct. N.H. Ry. P.F.	12	12	11½
Illinois Central	20½	19½	19½
N.Y. Central	13	12½	12½
Nor. Pac.	24½	22½	21½
Pennsylvania R.R.	20½	19½	19½
Southern Pac.	13½	13½	13½
Southern Ry.	93	91½	91
Union Pac.	10½	10½	10½
Greyhound Cp. New			

2. Utilities and Communications			
Am. Waterworks	11½	11½	12
Columbia S.S. (N.Y.)	2	1½	2
Cons. Edison	24½	24½	24½
Col. Gas & Electric	8	8	8
Elec. Bond & Share	9½	9½	9½
Nat. Pwr. and Lt.	18½	19	18½
North American	25½	25½	25½
Pac. Gas & Electric	37½	39	38½
Pac. Lighting	35½	34½	34½
Pub. Service N.Y.	4½	5½	5½
Stan. Gas & Elec.	4½	5½	5½
United Corp.	34	34	34
United Gas Imp.	104	104	104
Am. Tel. & Tel.	153	150½	150½
Int. Tel. and Tel.	7½	7	6½
Western Union	304	29½	30½
Radio	7	7½	7½
Radio B. Pref. New	56½	55	54

3. Extractive and Metal Industries			
Am. Rolling Mills	11½	24½	23½
Beth. Steel	47½	49½	49½
Beth. Steel Pref. ad	90½	94	94
Republic Steel	18½	18½	18½
U.S. Steel	58½	110½	110½
U.S. Steel Pref.	113½	111½	112½
Alaska Juneau	31½	31	29
American Smelting	54½	54½	51½
Anaconda	28½	26½	27½
Bob. Aluminium	28	28	28
Cerro de Pasco	46	43½	43
Int. Nickel	45½	44½	44½
Kennecott	35½	33½	32½
Patio Mines	12½	11	11
Texas Gulf Sulph.	30½	30½	30
U.S. Smelt.	65	65½	64
Vancouver Corp.	15½	15½	15½
Atlantic Refining	22½	22½	23
Phillips Petroleum	43	43½	42½
Shell Union	19	18½	18½
Shell Union Pref.	98	16	15½
Socony Vacuum	33	31½	31½
Stand. Oil Calif.	51½	50½	50½
Stand. Oil N.J.	43	42½	41
Texas Corp.			

PARIS
In common with other centres, Paris in October was in uncertain mood. Preoccupied by the irregular movements of Wall Street, by the fate of non-intervention, and latterly by M. Van Zeeland's resignation, the Bourse could find no basis for a definite trend either up or down. The world-wide fall of security prices in the early part of the month was mitigated by the resistance of domestic issues—industrials, rentes, and bank shares alike—though internationals were sensitive to political news and to fluctuations in the franc. Towards the middle of the month, a marked recovery occurred, but price movements were subsequently erratic and the volume of business poor. The cantonal elections were not on the whole an encouraging market factor. At the close, Belgian political uncertainty exercised a depressing effect, but the news of revision of Wall Street margin requirements, and the consequent belief that activity in New York would revive, was of some assistance.

	Sept. 29, 1937	Oct. 18, 1937	Nov. 3, 1937
3% Perp. Rentes	70.40	74.20	72.45
4% Rentes 1917	67.75	70.95	69.00
Banque de France	6,020	6,550	6,330
Credit Lyonnais	1,315	1,465	1,416
Suez Canal	26,400	25,240	24,850
Chargeurs Reunis	444	530	510
Rio Tinto	2,664	2,586	2,574

BERLIN
THE share market was dull throughout October, the average quotation in nearly all groups declining. The month opened with a substantial general advance, but the end of the first week saw speculative selling and a sharp net decline. Commercial bank shares were, exceptionally, higher, but Reichsbank were very weak. Later, foreign selling was reported, and Reichsbank touched 200—the lowest price since April. Speculative dealings in copper shares anticipated the forthcoming dividend announcements, and copper shares advanced slightly. The third week of the month was generally featureless, but individual industrials in the loan stock group were well supported, and gained between five and eleven points, Reichsbank recovering to 208. Commercial

banks and shipping shares continued weak. Uncertainty about the impending official price-cutting measure and about Dr Schacht's position induced a new decline at the end of the month, particularly affecting high-priced issues in the electrical, chemical and textile groups. The month closed with an irregular recovery, from which shipping and certain potash issues benefited. The market for fixed-interest securities was quiet but firm, and at times it proved necessary to ration mortgage bonds among buyers. Young Loan was practically unchanged. The official shares index (1924-26 = 100) for October was 113.24, as against 114.84 for September; bonds, 99.44, as against 99.33.

	Sept. 29, 1937	Oct. 18, 1937	Nov. 3, 1937
Reichsbank	205.00	201.25	204.00
D.D. Bank	123.00	124.50	122.00
Dresdner	113.75	114.75	114.00
I.G. Farben	162.60	160.60	155.00
Norddeutscher	86.50	84.00	81.00
Lloyd (New)			

AMSTERDAM

THE irregular tendency on the Amsterdam Bourse during October naturally resulted from watching which way New York would move. Wall Street and foreign political influences produced sagging markets for the earlier part of the month, and the extent of price falls looked serious indeed. A sharp recovery in mid-month was not maintained, but the ensuing weakness seemed less marked than before. An unobtrusive recovery set in towards the end of the month, and prices closed mostly above their lowest levels. Hopes of improvement in Wall Street were damped by the Belgian political crisis. Though they did not escape general movements, home industrials were the steadiest group, but considerable fluctuations in plantation issues marked the falling trend of commodity prices.

	Sept. 29, 1937	Oct. 18, 1937	Nov. 3, 1937
21% Dutch Loan	81½	81½	80½
51% German	24½	23½	24½
Unilever N.V.	154½	141½	147½
Philips Lamps	353½	323½	313½
Netherlands Ship	134½	124½	122½
Union			

* Without transfer certificate.

CANADA

THE Canadian stock markets during October suffered their severest slump for several years. A steadier tendency towards the middle of the month was followed by a fresh break, but since then prices have been irregular, but tending to recover. Most quotations closed well above the worst. There is, however, no evidence of a renewed upward trend. The chief cause of the slump is attributed to the delicate international situation and to industrial fears. The influence of the United States Government's stock market regulations was a contributory factor. The "Investors' Index of the Bureau of Statistics, which stood at 122.3 on September 16th, fell to 116.3 for September 23rd, then to 112.2 for October 8th, and to 105.4 for October 14th, at which point it compared with a figure of 128.7 recorded for the corresponding date of 1936. The mining market was also affected, and particularly base metals, but the decline was interrupted by temporary bursts of recovery. The bond market has registered a small volume of business, but prices have been relatively steady and the Bureau's index for the price of long-term Dominion bonds, which was 115.5 for the week ending September 15th, had only fallen to 114.7 for the week ending October 14th.

(Continued on page 278)

WHITE DRUMMOND & COMPANY LTD.

(ESTABLISHED 1900)

CAPITAL ISSUES

9 CLOAK LANE, LONDON, E.C.4

TELEPHONE CITY 5201

LONDON ACTIVE SECURITY PRICES AND YIELDS

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

Prices, Year 1936				Prices, Year 1937 Jan. 1 to Nov. 3, inclusive				Name of Security	Price, Oct. 27, 1937	Price, Nov. 3, 1937	Rise or Fall	Yield Nov. 3, 1937	Prices, Year 1937 Jan. 1 to Nov. 3, inclusive				Name of Security	Price, Oct. 27, 1937	Price, Nov. 3, 1937	Rise or Fall	Yield Nov. 3, 1937
High	Low	High	Low	High	Low	(a)	(b)						(c)								
British Funds																					
87 1/2	82 1/2	84 1/2	78 1/2	Consols 2 1/2%	74 1/2	75	+ 1/2	3 7/8	40/-	32/-	5(b)	5(a)	Bank of N. Zealand (1	35/-	35/-	...	4 1/2				
102 1/2	100 1/2	101 1/2	94 1/2	Do. 4% Red. at par on or after Feb. 1937 (n)	109	110	+ 1	3 6/8	80/10	72/8	6(b)	6(b)	Bank of England Stk.	332 1/2	334 1/2	+ 2	4 11/8				
105 1/2	103 1/2	104 1/2	97 1/2	Conservn. 2 1/2% 1944-49	95 1/2	96 1/2	0	2 17/8	47/4	40/8	7(a)	7(a)	Barclay B. (41)	76/-	76/-	...	3 13/8				
108 1/2	106 1/2	107 1/2	100 1/2	Do. 3 1/2% 1948-53	99 1/2	100	+ 1/2	3 1/4	108 1/2	81	41(b)	34(b)	Barcl. (Dom. &c.) A (1	43 1/2	42 1/2	- 1/-	2 14/8				
111 1/2	107 1/2	108 1/2	105	Do. 3 1/2% after 1961	100 1/2	101 1/2	+ 1/2	3 9/8	149 1/2	138 1/2	41(b)	34(b)	Bk. of Australasia (A) 81	83 1/2	82 1/2	...	4 10/2				
121 1/2	116 1/2	117 1/2	111 1/2	Do. 4 1/2% 1940-44	107 1/2	107 1/2	0	2 7/8	208 1/2	24 1/2	5(c)(c)	51(c)(c)	Bk. of Montreal (1100)	239 1/2	239 1/2	...	4 1 0/8				
95 1/2	92 1/2	93 1/2	89 1/2	Do. 5% 1944-64	112 1/2	113	+ 1/2	3 0/8	101 1/2	87 1/2	6(c)	6(c)	Bk. of N. Wales (200)	27	27	...	3 0 0/8				
100 1/2	96 1/2	97 1/2	92 1/2	Funding 2 1/2% 1952-57	95 1/2	95 1/2	0	3 3/8	17 12 1/2	7 12 1/2	7(a)	7(a)	British Overseas	92 1/2	92 1/2	...	6 10/8				
104 1/2	101 1/2	101 1/2	92 1/2	Funding 3 1/2% 1959-69	96 1/2	96 1/2	0	3 3/8	15 12 1/2	12 1/2	10(b)	10(b)	Chtd. of India (A5) 100	13 1/2	13 1/2	...	5 7 9/8				
119 1/2	115 1/2	116 1/2	109 1/2	Funding 4 1/2% 1960-90	110 1/2	111 1/2	+ 1/2	3 0/8	84/-	82/0	10(b)	10(b)	Comcl. Bk. of Aus. 10/-	113 1/2	113 1/2	...	3 16 8/8				
117 1/2	113 1/2	114 1/2	107 1/2	Nat. Debt 2 1/2% 1944-48	107 1/2	107 1/2	0	2 15/8	108 1/2	85/-	34(b)	34(b)	Dist. B. of 5, 5								

(Continued from page 275)

	Price, Sept. 29, 1937	Price, Nov. 3, 1937	Nov. 3, 1937 Eng.		Price, Sept. 29, 1937	Price, Nov. 3, 1937	Nov. 3, 1937 Eng.
Bell Telephone	163	167	163	Cockshutt Flow	100	100	100
Canadian Car and Foundry	107	94	94	Dominion Glass	100	100	100
Do. pref'd.	21	22	22	International Petro-	311	301	301
Power Corporation	15	15	15	leum	22	16	17
Dome Mines	11	12	12	Brazil Traction	311	301	301
Hollinger	35	36	36	British Columbia	311	301	301
McIntyre	11	12	12	Power "A"	311	301	301
Bank of Canada	58	57	57	Do. "B"	311	301	301
Bank of Montreal	200	190	191	Canada Cement	11	8	8
Bank of Nova Scotia	320	290	291	International Nickel	51	44	45
Royal Bank of Canada	176	176	177	Massey Harris Com.	7	6	6
Canadian Bank of Commerce	166	162	163	Montreal Light	29	30	30
Canadian Pacific Ry.	9	8	8	Ogilvie Flour Mills	17	15	15
				Quebec Power	20	20	20
				Steel Co. of Canada	70	65	65

† \$4.96 to £.

CAPITAL ISSUES

AGAIN the week is barren of industrial new issues, but corporation borrowing has been resumed—not with the post-porporation Liverpool issue but with a much smaller operation by *Wakefield Corporation*. The offer, in fact, follows familiar lines. It consists of £500,000 stock, dated 1958–63, issued at 101, and carrying the first full interest payment on July 1st next year. The firm tendency of gilt-edged stocks assisted the issue, but the authorities still refuse to adopt one feature which would obviously appeal to trustees—the payment of corporation stocks in full within a comparatively short period, and a first interest payment less than eight months distant. *Weymouth and Melcombe Regis* has placed the maximum total of £250,000 in 3½ per cent. stock, redeemable in 1958, at £100 1s. 3d. per cent. net. The stock does not carry trustee status, since the population of the borough is less than 50,000.

TOTALS OF CAPITAL ISSUES DURING WEEK

Net Sales of National Savings Certificates, Week ended October 30, 1937, Nil.

	Nominal Capital	Conversions	New Money
To the Public	500,000	£	505,000
To Shareholders only	231,522	£	254,840
By Stock Exchange Introduction	1,785,31	£	1,814,648
By Permission to Deal	396,965	£	396,965
Total Capital Raised—			
Including Conversions	473,860,280	£	474,614,217
Excluding Conversions	269,044,211	£	269,044,211
1937 (New Basis)	269,044,211	£	269,044,211
1937 (Old Basis)	401,012,380	£	401,012,380
1936 (New Basis)	262,985,954	£	262,985,954
1936 (Old Basis)	262,985,954	£	262,985,954
January 1 to date (Old Basis)—			
1935	269,383,568	£	269,383,568
1934	358,089,824	£	358,089,824
1928	510,687,191	£	510,687,191

Destination of Capital (Excluding Conversions)

	United Kingdom	British Empire (excluding United Kingdom)	Foreign Countries	Total
January 1 to date—				
1937 (New Basis)	363,825,012	£	58,530,846	422,355,858
1937 (Old Basis)	204,669,849	£	16,718,178	221,388,027

Nature of Borrowing (Excluding Conversions)

	Debentures	Preference	Ordinary	Total
January 1 to date—				
1937 (New Basis)	211,164,122	£	27,460,576	238,624,698
1937 (Old Basis)	152,201,824	£	16,855,819	169,057,643
1936 (New Basis)	102,769,300	£	21,461,000	124,230,300
1936 (Old Basis)	167,185,509	£	31,696,741	198,882,250
1935	160,521,116	£	24,423,647	184,944,763
Whole Year (Old Basis)—				
1928	212,917,900	£	45,062,600	257,980,500
1933	222,064,300	£	12,733,700	234,798,000
1934	102,769,300	£	21,461,000	124,230,300
1935	167,185,509	£	31,696,741	198,882,250
1936	160,521,116	£	24,423,647	184,944,763
Whole Year (New Basis)—				
1935	193,599,713	£	48,806,822	242,406,535
1936	184,255,833	£	41,580,731	225,836,564

PUBLIC OFFERS

Wakefield Corporation.—Issue of £500,000 3½ per cent. stock at 101. (A trustee stock.) Redeemable at par July, 1963, or from 1958 on notice. Ranks with other loans. Proceeds to replace £330,000 short-term mortgage, balance for housing. Estimated population, 59,746; rateable value, £370,464; rates, 18s. 9d. Net debt, £4,169,034 (of which 32 per cent. trading and 47 per cent. housing). Lists closed 9.5 a.m., November 4th. Oversubscribed.

BY STOCK EXCHANGE INTRODUCTION

Borough of Weymouth and Melcombe Regis.—Particulars of issue of £250,000 3½ per cent. stock, redeemable at par January, 1958. Messrs. Grieveson, Grant and Company take issue at £100 1s. 3d. Proceeds to replace loans of £100,820, and balance for new capital purposes. Corporation owns electricity and harbour undertakings and properties with rent roll of £8,000. Estimated population 34,000. Rateable value, £288,850; current rate, 10s. Net debt, £759,956, of which £321,831 housing; £276,919 productive undertakings; and £161,206 other services.

BONUS SHARES

Consolidated African Selection Trust.—It is proposed to distribute three 5s. shares for each share held. This will raise the issued ordinary capital from £377,029 to £1,508,000.

ISSUES TO SHAREHOLDERS ONLY

Britain Steamship Company, Ltd.—Issue of 125,000 new 16s. shares at 16s. 6d. (one new share for four held on October 23rd).

Colonial Gas Association.—Issue of 62,136 8 per cent. £1 preference shares at 23s. English, or 28s. 9d. Australian, and 62,136 £1 ordinary shares at 20s. English, or 25s. Australian currency, on the basis of six preference and six ordinary shares in respect of every 100 shares of the total holding of each shareholder.

Lever Brothers, Ltd., and Unilever, Ltd.—Associated Enterprises, Ltd., invite offers from preference and preferred ordinary stockholders of Lever Brothers, Ltd., and the preferred stockholders of Unilever, Ltd., for the purchase of £302,529 20 per cent. cumulative preferred ordinary stock in Lever Brothers, Ltd., at 20s. per 5s. unit, free of stamp duty and transfer fees. The yield on the stock is £5 1s. 3d. per cent. (allowing for accrued net dividend). Dividends are payable on January and July 1st, and the stock carries a full half-year's dividend payable on January 1, 1938.

Lightalloys, Ltd.—Issue of 29,000 5s. shares at 12s. 6d. (one for every 10 held on October 22nd). A further 1,000 shares will be offered at 12s. 6d. to senior members of the staff, other than directors.

BY TENDER

Bournemouth Gas and Water Company.—Sale by tender of £50,000 maximum dividend 7 per cent. stock at a minimum of 161. Proceeds required for extensions. Capital receipts, £2,235,614; profit, after interest, etc., 1936, £92,065. Number of consumers: gas, 71,019; water, 34,297.

South Staffordshire Waterworks Company.—Sale by tender of £350,000 5 per cent. consolidated preference stock at a minimum of 128. (A trustee stock.) Proceeds to repay £400,000 5½ per cent. preference stock; holders may convert into £78 new stock per £100 old. Ranks with existing £350,050 in issue. Supplies 214,000 houses, with population of 963,000.

REPAYMENTS AND CONVERSIONS

American Telephone and Telegraph.—The issue of \$12,923,000 4½ per cent. convertible bonds due in 1939 has been called for redemption on January 3, 1938.

General Mortgage Bank of Palestine.—An amount of £P48,000 6 per cent. debentures out of all eight series of 20 years have been drawn for redemption on April 1, 1938. The bank will in due course make an offer for conversion into 5 per cent. debentures.

National Shipbuilders Security, Ltd.—The £5 per cent. first mortgage debenture stock will be repaid on February 1, 1938. Stock selected by drawing will be repaid at par, the remainder at 103.

OFFERS ABROAD

Japanese Government Bonds.—It is announced that 200,000,000 yen 3½ per cent. Government bonds (redeemable in 17 years) will be issued at 98 on November 16 in connection with the war in China. Another 500,000,000 yen will be issued in December.

Canadian Internal Loan.—The new \$100,000,000 (£20,000,000) loan was oversubscribed on November 3rd and the books were closed after two hours.

RESULTS OF ISSUES

Singer Motors, Ltd.—The issue of 473,092 5s. shares at 5s. 6d. has been oversubscribed by shareholders. Applications from over 3,300 shareholders were received.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Paid	Oct. 27, 1937	Nov. 3, 1937
Bigwood (J.) Ord. 4/-	5/6	5/6	4/3-4/9	4/7-4/10
Do. 6% Pref. 10/-	10/-	10/-	9/6-10/-	9/4-9/7
Bolton (Thos.) 5% Pref. £1	10/-	10/-	20/6-21/6	20/6-21/6
Essex 3½% 1957-62	101	61	1/1-2/1 pm	2/1-2/1 pm
Finchley 3½%	101	101	1/1-2/1 pm	102-103
Fourth Conversion Investment 17/6	101	31	1/1-1/1 pm	1/1-2/1 pm
Herts County 3½%	101	26	1/1-2/1 pm	1/1-2/1 pm
Hull 3½%	101	56	2-2/1 pm	2-2/1 pm
Middlesex 3½% 1957-62	5/-	5/-	8/6-9/-	8/6-9/-
Odeon Theatres Ord. 5/-	99	59	61-61 dis	101-102
Do. 5% 1st Debts.	101	31	1/1-2/1 pm	1/1-2/1 pm
Salford 3½%	101	31	8/9-9/3	8/9-9/3
Sheffield 3½%	101	101	12/200	12/200
Spear and Jackson 5/-	101	101	4/6-5/2	4/6-5/2
Western Holdings 5/-	101	101	2/7-2/10	2/7-2/10
West Vlakfontein 2/6	101	101	100-101	100-101
Weymouth 3½%	101	101	100-101	100-101

WEEKLY TRAFFIC RETURNS
RAILWAYS OF GREAT BRITAIN AND IRELAND

(b) Week ended Oct. 30, 1937	(c) Week ended Oct. 29, 1937	Miles Open	Gross Receipts, week ended Oct. 31, 1937 (0000)					Aggregate Gross Receipts, compared with 1936 (43 weeks) (0000)				
			Passenger, etc.	Merchandise, etc.	Coal and Coke	Total	Total Receipts	Passenger, etc.	Merchandise, etc.	Coal and Coke	Total	Total Receipts
Great Western	1937 3,738	1936 3,738	183	220	119	339	522	9,576	8,639	4,780	13,419	22,995
(c) L. & N. Eastern	1937 6,315	1936 6,332	296	408	283	689	985	14,903	14,581	10,634	25,215	40,118
L. M. & Scottish	1937 6,869	1936 6,891	459	536	267	803	1,262	22,789	21,224	10,885	32,109	54,898
Southern	1937 2,157	1936 2,153	282	78	36	114	396	14,257	2,698	1,283	3,981	18,238
Total	1937 19,079	1936 19,115	1,220	1,240	630	1,809	2,978	59,014	45,662	25,801	71,463	130,477
(c) Belfast & Co. Down	1937 80	1936 80	1-8	...	0-5	2-3	114-1	...	...	...	20-8	134-9
(c) Great Northern	1937 543	1936 543	8-7	...	9-9	18-6	490-2	...	...	...	405-1	895-3
(c) Great Southern	1937 2,076	1936 2,124	28-9	...	51-0	79-9	1,608-1	...	...	...	1,786-1	3,394-2
			2-12	28-7	47-8	76-5	1,591-7	...	...	...	1,816-5	3,408-2

COMPARISON WITH CORRESPONDING PERIODS, 1935 AND 1936

	(000's omitted)			
	Great Western	L.M.S.	L.N.E.R.	Southern
Second half-year, 1936, compared with second half-year, 1935—				
Gross increase or decrease	+ 491	+ 1,575	+ 751	+ 378
First half-year, 1937, compared with first half-year, 1936—				
Gross increase or decrease	+ 670	+ 1,329	+ 1,187	+ 359
Second half-year, 1937, compared with second half-year, 1936—				
17 weeks to Oct. 30, 1937...	+ 463	+ 835	+ 665	+ 264
Weekly average second half 1937.	+ 27 1/2	+ 49 5/8	+ 39 3/4	+ 15 7/8
Latest week 1937 compared with 1936	+ 36	+ 81	+ 56	+ 14

LONDON TRANSPORT

	Takings (before pooling)	Compared with corresponding period of last year
Week ending Oct. 30, 1937	£577,000	+ 14,500
Aggregate 18 weeks to Oct. 30, 1937	£10,121,000	+ 46,800

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week		Gross Aggregate Receipts	
				1937	+ or -	1937	+ or -
INDIAN							
		1937		Rs.	Rs.	Rs.	Rs.
Assam Bengal	27	Oct. 10	1,330	\$5,73,500 +	77,805	93,28,359 +	6,58,291
Barsi L. Ry.	27	Oct. 10	202	\$31,000 +	10,500	9,02,700 +	80,200
Bombay & N. Western	1	Oct. 2	2,111	\$7,70,434 -	1,27,002	5,05,33,056 +	61,25,748
Bombay-Nagpur	28	Oct. 3	2,368	\$22,36,000 -	1,20,465	5,05,33,056 +	61,25,748
Bombay, Bar. & C.I.	28	Oct. 3	3,072	\$30,48,000 +	2,62,000	6,40,36,000 +	44,68,000
Madras & S. Mahr.	27	Oct. 3	2,229	\$16,84,000 -	39,465	3,86,87,807 +	5,24,835
Rohilk'd & Kumaon	1	Oct. 5	546	\$1,50,414 -	5,905		
South Indian	27	Oct. 10	2,582	\$15,40,305 +	40,402	2,96,42,497 +	11,18,754
\$ 10 days.							

CANADIAN

	1937	1936	1935	1934
Canadian National	43	Oct. 31	23,767	23,767
Canadian Pacific	43	Oct. 31	17,228	17,228

SOUTH AMERICAN

	1937	1936	1935	1934
Antofagasta (Chili and Bolivia)	44	Oct. 31	834	834
Argentine N.E.	18	Oct. 30	753	753
B.A. and Pacific	18	Oct. 30	2,806	2,806
B.A. Central	15	Oct. 30	9	9
B.A. Gt. Southern	18	Oct. 30	5,084	5,084
B.A. Western	18	Oct. 30	1,930	1,930
Central Argentine	18	Oct. 30	3,700	3,700
Central Uruguayan	17	Oct. 23	980	980
Cordoba Central	18	Oct. 30	1,218	1,218
Entre Rios	18	Oct. 30	810	810
G. Westn. of Brazil	44	Oct. 31	1,092	1,092
Leopoldina	44	Oct. 31	1,918	1,918
Leopoldina Termal.	44	Oct. 31	30	30
Nitrate	44	Oct. 31	384	384
Paraguay Central	18	Oct. 30	274	274
Salvador	18	Oct. 30	100	100
San Paulo	43	Oct. 24	153	153
United of Havana	18	Oct. 31	1,353	1,353

* Converted at average official rate during week ended Oct. 30, 1916 pesos to £.
† Receipts in Argentine pesos.
‡ Receipts in Uruguayan currency.

OTHER OVERSEAS

Egyptian Delta Light	28	1937	621	±9,920	± 811	138,612	± 9,935
Railways	43	Oct. 28	28	±1,738	499	67,824	± 4,720
Egyptian Markets ..	18	31	483	±\$441,700	± 49,300	5,281,700	± 704,600
Mexican Railway ...							
				± 10 days.			

ECONOMIC RECOVERY IN AUSTRIA

Further Economic Progress and Monetary Stability

A GENERAL survey of the current year's financial position of Austria shows that the country has succeeded definitely in overcoming the financial crisis through which it had to pass during the years 1931-1932 and from the consequences of which it had to suffer for some time afterwards. In the autumn of the year 1936, the Council of the League of Nations lifted the financial control introduced in 1931 and terminated the activity of the representative of the League of Nations in Austria, as well as that of the Adviser to the Austrian National Bank. The economic and financial development during the past year has, indeed, proved that this decision of the League of Nations was justified and well founded. Especially the year under review has shown what degree of stability the Austrian currency has regained. In spite of the uneasiness and uncertainty caused by devaluation measures adopted by the gold-bloc countries, Italy and Czechoslovakia, in the autumn months of last year, the stability of the schilling was not affected.

The Position of the Austrian National Bank

The consolidated position of the Austrian currency is reflected in the following table showing the development of the status of the Austrian National Bank:—

	AUSTRIAN NATIONAL BANK			
	Sept. 30, 1936	Dec. 31, 1936	June 30, 1937	Sept. 30, 1937
	(in Millions of Schillings)			
Notes	944	944	896	914
Deposits	262	204	245	272
Total	1,206	1,148	1,141	1,186
Gold and foreign exchange...	375	342	343	385
Bills discounted	213	208	190	190

The gold and foreign exchange holdings include a cash reserve of 243 millions of gold, affording a considerably ampler cover for the notes in circulation than provided for in the statutes of the National Bank.

The growth of the bank's foreign exchange holdings is due to the favourable development of Austria's balance of payments which, in turn, was influenced by the rising exports and the impetus given to the tourist traffic.

The Development of Foreign Trade

Austria's foreign trade, which has been on the upward grade ever since 1933, has, especially during the current year, known how to profit from the general revival in world economics and the increase in world trade, although the development of commercial relations is still greatly handicapped by the foreign exchange restrictions enforced by various countries. While this remains to be a regrettable feature, it has, nevertheless, been possible greatly to develop the interchange of goods with Western Europe and overseas. The following table shows that, compared with the preceding year, exports have advanced at a greater ratio than imports and that the surplus of imports has been considerably cut down:—

AUSTRIA'S FOREIGN TRADE (NOT INCLUDING BULLION)

	January 1936 to September 1937	
	1936	1937
Imports	885	1,063
Exports	689	889
Excess of imports	196	174

Despite this auspicious development, the favourable results of Austria's foreign trade in the years 1929-1931 and the more intensive use of economic capacity this increased activity entailed could not yet be equalled.

	(in Millions of Schillings)			
	1929	1930	1931	1932
Imports	3,318	2,739	2,208	1,403
Exports	2,220	1,880	1,341	784
Imports	1,933	1,934	1,935	1,936
Exports	1,190	1,173	1,220	1,266
Imports	818	880	907	967

An investigation made by the Austrian "Institut für Konjunkturforschung" as regards the period January to July, 1937, has shown that both in imports and exports the share of those countries decreased with which Austria's interchange of goods is based on compensation and clearing agreements. This fact is due to the restrictions the clearing and compensation system imposes on foreign trade and to

prosperity having made greater progress in countries without transfer restrictions where consequently demand is better than in countries subject to clearings. Austria herself has long since ceased to enforce similar restrictions in her commercial intercourse with foreign countries, excepting in cases where the respective countries themselves still adhere to these strictures and self-protection demands a certain reciprocity. The payments of interest and capital on foreign debts, too, are subject to no restriction whatever.

Once more, this year, the developments of the country's tourist traffic has been of considerable help to the foreign trade balance. The number of visiting foreigners has again exceeded that of the preceding year. The Salzburg Festival Plays, the Grossglockner Alpine Highway, the cultural treasures of the Federal Capital, and the natural beauties of the country, have, quite obviously, lost none of their power of attractions in recent years.

The Budgetary Position

The stability of the schilling continues to be firmly supported by an official financial policy aiming at the strict maintenance of the equilibrium:—

	1936 Closed Accounts	1937 Budget Estimates	1938 Draft Budget Estimates
	(in Millions of Schillings)		
Ordinary Budget:—			
Expenditure	1,987.5	2,062.7	2,012.7
Revenue	1,989.0	1,954.3	1,951.7
Deficit (—) or surplus (+)	+ 1.5	—108.4	—61.0
Investments	35.6	37.0	32.1
Total deficit	34.1	145.4	93.1

The 1936 ordinary budget closes, for the first time since 1929, with a surplus. This surplus amounts to 1.5 millions, and is almost exclusively due to the favourable development of receipts. These receipts as compared with the budget estimates have resulted in a surplus of 97.2 millions, receipts from taxes yielded a surplus of 67.7 millions, whilst expenditure increased as against the budget estimates by 61.7 millions.

The deficit foreseen in the 1937 Estimates amounts to 108.4 millions, part of which (69.0 millions) is to be covered from the proceeds of the 1937 Investment Loan (nominal amount 180 millions). The tendencies of receipts and expenditure seem to justify the assumption that the deficit in the ordinary budget not thus covered will be met by increased revenues and economies in expenditure. The provisional results of the first seven months of 1937 show a surplus of 14.7 millions on the ordinary budget. This favourable result is chiefly due to the increase in the yield of taxes and railway receipts.

The draft Budget Estimates for 1938 show on the ordinary budget a deficit of 61 millions to be covered as to 17.8 millions from the proceeds of the Investment Loan not expended in 1937. Considering that the estimates of receipts and expenditure have been made prudently, it would seem possible to cover the remainder by economies and increased revenues if the present economic conditions continue.

Expenditure for investments in 1936 and 1937 was financed from the proceeds of the 1937 Investment Loan; investments in 1938 will be covered as to 15.8 millions from the remaining proceeds of this Loan and the Post Office Credit; in order to meet the remaining 16.3 millions new credit operations are envisaged if need be, without however having recourse to the market.

The deficits of the last two years are largely due to the investment activity of the State, inaugurated by the Government in support of an economic revival. This economic revival has progressed gratifyingly in the course of the current year, aided by the investment activity and increased exports, so that in some of the more important industrial lines the production figures of 1929 have already been reached or even surpassed.

No further untoward events have disturbed the steady development of the financial situation. In addition to steady working towards an economic and financial consolidation, the Government pays particular attention to the establishment and maintenance of political and social order as provided for in the Constitution of May 1, 1934, and has announced its intention of holding elections for constitutional offices as early as the middle of the year 1938.

COMPANY MEETINGS

IMPERIAL SMELTING CORPORATION, LIMITED

CONSIDERABLE INCREASE IN NET PROFIT

ZINC PRODUCERS' DIFFICULTIES

LORD HORNE ON NEED FOR PROTECTION

The eighth annual general meeting of the Imperial Smelting Corporation, Limited, was held, on the 4th instant, at the Chartered Insurance Institute, 20 Aldermanbury, London.

Viscount Horne, of Slamannan, P.C., G.B.E., the chairman, said:—The net profit for the year amounted to £257,092, compared with £159,836 in the preceding twelve months. With a balance of £69,314 brought forward we had £326,406 available for distribution, out of which the full preference dividend has been paid, absorbing £134,538 and leaving a balance of £191,868. We have recommended for your approval that a dividend of 5 per cent. on the ordinary share capital should be declared. The accounts as a whole show a distinct improvement compared with the previous year, profits being substantially better and the balance sheet undoubtedly stronger.

ZINC SMELTING

I come now to deal with the operations of our group of industries. As you were told in the directors' report, the results from zinc smelting were again unsatisfactory. While the reasons for this state of affairs have been made clear to you at previous meetings, I think the importance of the subject to our employees and shareholders as well as to the nation justifies a further note.

We are Customs smelters, that is, we buy in open competition with foreign smelters our raw materials in the form of zinc concentrates from mines in the United Kingdom, Newfoundland, Australia and other places, paying for the zinc content according to the ruling price of zinc and receiving a charge for conversion into metal—known as a returning charge—out of which we have to pay for all wages, fuel and other supplies, transport, distribution, etc. In the result we hope to have a surplus which will give us some reward on the capital employed.

These are the reasons why the price of zinc is to us of less importance than the cost incurred by us in producing it. When you remember that it takes 4½ to 5 tons of coal and 4½ to 5 man-days to produce a ton of zinc by the methods which it is necessary to employ in this country, you will recognise how high is the percentage of labour cost involved in converting zinc in concentrates into marketable metal. It is because of the greater cost of fuel, higher wages, dearer transport and more burdensome taxation in this country that our industry requires some safeguard from external competition. Except that we use more British labour and more British coal per unit of production, we are in a similar position to that of a host of other British industries which are receiving adequate safeguards through the tariff. We, by some curious political tangle, are asked to carry on a vital industry with a degree of protection which is only sufficient to proclaim its insufficiency.

As the needs of the zinc smelting industry in this country are being investigated at the present time by a Government Committee, I forbear to say more. I prefer to leave the question, confining myself to an expression of confident hope that the Committee will not fail to support what in the last war proved to be one of the most important of the key industries of the nation.

THE NATIONAL SMELTING COMPANY, LIMITED

The National Smelting Company is, as you know, our chief subsidiary, the whole of its capital being owned by us. Besides its extensive zinc and acid works at Avonmouth and Swansea Vale, this company now possesses the whole of the debenture and share capital of Improved Metallurgy, Limited, which operates vertical retort and high grade zinc refluxing units, as well as of the Northern Smelting & Chemical Company, Limited, with acid and zinc works at Scaton Carew and of the Delaville Spelter Company, Limited, owning residual zinc works at Bloxwich. It also owns interests in Aluminium Sulphate, Limited, National Alloys, Limited, Cuprinol, Limited, and other less important investments. The works of the National Smelting Group are under the able direction of Mr Stanley Robson, the works

director, and his assistant, Mr A. Sanders. The year has been one of steady metallurgical progress.

SULPHURIC ACID

The National Smelting Group continues to expand its production of sulphuric acid. The output from concentrates, pyrites and sulphur during recent years is shown in the following figures: 1932, 106,600 tons; 1933, 92,700 tons; 1934, 106,700 tons; 1935, 126,000 tons; 1936, 171,800 tons; and 1937, 202,100 tons.

The output is expressed in 70 per cent. acid. Equipment for the further increase of the company's acid business was erected in the last financial year, and was brought into commission last week. The capacity of our plants is now approximately 220,000 tons per annum, which, with our highly trained staff in charge of the operations, makes a great addition to the defence of the country. The costs of production, however, as in all other branches of our industry, are increasing as a result of higher wages and of additions to the price of fuel and transport charges.

NATIONAL FERTILIZERS, LIMITED

After dealing with other activities of the company and its associated companies, the Chairman continued:—The authorised capital of National Fertilizers, Limited, is £1,000,000, of which £900,000 has been issued in the form of £500,000 4½ per cent. redeemable cumulative preference shares and £400,000 ordinary shares. Of the ordinary share capital 49 per cent. is owned by The National Smelting Company, Limited, and the balance by our friends, Fison, Packard and Prentice, Limited. The trade of National Fertilizers, Limited, in the last year showed satisfactory expansion. The superphosphate sales approximated to 50,000 tons, while about 17,500 tons of compound fertilisers and over 70,000 tons of ground basic slag were dealt with. The interests of the company are being steadily extended.

A number of other fertilizer and associated companies operating in the Western area have been acquired by National Fertilizers, Limited. These purchases have increased the company's trade and extended the range of its products. The complete co-ordination of all these businesses will naturally take time, and until it is completed we cannot expect to receive the full reward of our enterprise. We are entitled, however, by the results already achieved, to regard with satisfaction our investment in the fertilizer trade and the association it has given us with Fison, Packard & Prentice, Limited.

PRICES

I now turn for a moment to a question which necessarily agitates many minds—the question of the prices of our products. Our shareholders must have observed with anxiety the extraordinary fluctuations which have taken place in recent months with regard to the market quotations for zinc. There is no reason in the nature of things why the price of zinc should not have stood at a fair and reasonable level over this period. The commodity has a steady demand for the work that is going forward in the world combined with the armament programmes of the various nations, and the stocks of the metal are reasonable in amount. Yet when I addressed you a year ago the market price of zinc was £16 10s. per ton; in March this year it rose to £37 5s., and yesterday it was £16 7s. 6d.

These are disconcerting fluctuations which add seriously to the difficulties attending the output of zinc-concentrates by the mine; the production of metal by the smelters and the consumption of the product by manufacturers.

I have no desire to indulge in profuse condemnation of speculation and the speculator. Indeed, contrary to the view of many purists, they often perform a useful function. But when speculation becomes so irresponsible as it was in the early part of the year, it does great detriment to all concerned. On those who are in control of the marketing conditions governing the sale of metals in this country, rests the responsibility of making such modifications as would set up suitable deterrents to reckless speculation and I cannot help thinking that it could be done without impairing any legitimate facility which a free market requires.

Of the future I can only say that I believe our prospects to be encouraging on the whole. Our operations and the profits from them depend on world factors which are beyond our control; but if there be peace between nations and no recurrence of any deflationary action either here or in the United States, I am confident that there should be no serious recession. If my views are correct, I would expect to give you a favourable account of the current 12 months' operations when I meet you a year hence.

The report and accounts were unanimously adopted, the retiring directors and auditors were re-elected and a hearty vote of thanks was passed to the chairman, directors and staff.

HORLICKS LIMITED

INCREASING DEMAND FOR ALL-BRITISH PRODUCT

The first annual general meeting of Horlicks, Limited, since the company assumed its public status was held, on the 29th ultimo, at Slough, Lieutenant-Colonel J. N. Horlick, O.B.E., M.C., presiding.

The Chairman, in moving the adoption of the report and balance sheet, said:—This is the first opportunity we have had of meeting you since we became a public company, and both on my own behalf and my co-directors, I have much pleasure in welcoming you here to-day.

ACCOUNTS FOR 15 MONTHS' PERIOD

As you will no doubt recollect, the company's financial year was changed to terminate on March 31, and the accounts which are before you therefore cover the extended period of fifteen months ended March 31, 1937.

Turning to the balance sheet and profit and loss account, which you have received, I think you will agree that the figures disclose a satisfactory position. In particular, I would direct your attention to the additions to general reserve account and the dividends equalisation reserve account, bringing these up to a combined total of £150,000.

Special mention may also be made of the conservative figure of £144,248, at which your company's valuable freehold land and buildings and plant and machinery are shown.

The satisfactory position of the company's liquid assets, which show a total of £745,288, as against the low figure of £162,108 representing outstanding liabilities, leaves the healthy liquid balance of £583,180 at the close of the 15-month period covered by these accounts.

You may like to know that all subsidiary interests are fully owned by the company and conservatively stated in the balance sheet. They include a manufacturing and selling company in Australia, a distributing company in Belgium, and a maltings plant in Norfolk.

The present closed-door policy governing international trade and the high tariffs imposed on imports have forced many manufacturers, like ourselves, to set up factories in foreign and overseas markets in preference to exporting supplies from this country.

It may be of interest to note that the provision for income tax covers the profit for the period under review, although the actual liability will not arise until 1938. You will also see that after making all the allocations we are left with a balance of £19,198 to be brought forward into the current financial year, against a sum of £9,044 brought forward at the commencement of the period.

DIVIDENDS AND INTERIM DECLARATION

In accordance with the statement made in the offer for sale, the board does not propose to effect any further distribution for the financial period under review. It is our intention to consider dividends in relation to the capital required for the future development of the company and by adopting a long view policy to conserve our resources.

I have pleasure in informing you that, as foreshadowed in their report, the directors have this morning declared an interim dividend at 6½ per cent. (4d. per 5s. stock unit) for the year ending March 31, 1938, to be paid less income tax at 5s. in the £ on November 18 next to all stockholders registered in the company's books on October 29, 1937.

As stated in the report, it is hoped to pay a further interim dividend in 1938, to be followed by a final dividend after our next annual general meeting.

For the future, it is hoped to pay one interim dividend and a final dividend following each annual general meeting. During the current financial year it has been decided to pay two interim dividends in order to avoid any inconvenience which might be occasioned to stockholders were they not to receive any income from their holdings until April, 1938.

Our present rate of sales is most encouraging, and we look forward to maintaining these high levels throughout the winter. On the other hand, it should be borne in mind from the profit aspect that the cost of both labour and raw materials has shown and continues to show a rising tendency.

Overseas Markets:—Despite the unfavourable condition of world affairs, our foreign and colonial sales are on the whole being steadily maintained. The universal distribution of Horlicks and its proved beneficial effects tend to strengthen its hold and popularity from year to year.

The report and accounts were unanimously adopted.

UNITED DAIRIES LIMITED

RECORD PROFIT

The twenty-second ordinary general meeting of United Dairies, Limited, was held, on the 29th ultimo, at the Connaught Rooms, London.

Mr Joseph H. Maggs (Chairman and managing director), in the course of his speech, said: The net profit is £630,431, and the total available is £722,312, out of which the full dividends on the preference and an interim dividend of 5 per cent. on the ordinary stock have been paid. It is now proposed to pay a final dividend on the ordinary stock of 7½ per cent., making 12½ per cent. for the year, to transfer £124,000 to reserve, bringing that fund up to the round figure of £1,000,000, and to add £10,000 to our reserve against outside investments. The final balance, being the net profit for the year, is £630,431, an increase of £25,584 and the highest figure yet recorded by United Dairies. In order to earn this we increased our turnover by £1,000,000. Our milk purchases, thanks to the new businesses acquired, increased by three million gallons.

MILK DISTRIBUTION

As regards our milk distribution side, the retail company is serving more customers than ever; there is, however, one disquieting feature of our retail milk sales. Although milk consumption has increased substantially, the quantity delivered per customer has consistently fallen, as will be appreciated when I tell you that ten years ago our average delivery per customer was 1.680 pints per day, it has fallen to 1.443 pints in 1936-37. The effect on the cost of distribution is, of course, adverse to us in two ways: it means a lower gallonage per roundsman and more bottles per gallon of milk, due to the increased demand for half pints.

The reputation which the engineering section of our company has established has, during the year, been satisfactorily reflected in the number of important contracts awarded to us in the face of the keenest competition, both at home and abroad.

All the products marketed by your company are subjected at all stages to an increasingly rigorous scientific control. This control is carried out by the chain of country laboratories and by the Central Research Laboratory at Shepherd's Bush, which continue to work smoothly and to give valuable service to the company, with the guidance of our Research Advisory Council. On the research side our activities have been devoted, not only to solving immediate problems which have arisen in our business, but also to accumulating a sound body of information which, sooner or later, will undoubtedly be of value to us.

GOVERNMENT'S MILK POLICY

The Government's announcement of its Milk Policy in a recently issued White Paper is, necessarily, on broad lines, and until the Bill is in print it would be premature to express a definite opinion on all its proposals. I may say, though, that we welcome the policy of encouraging the production of milk of higher standard of purity.

Producers of tuberculin-tested milk have now been brought into the Milk Marketing Scheme, and I am rather doubtful whether the premium of 1d. per gallon over the price of accredited milk will be sufficient to prevent these producers from reverting to the production of lower grade milk if they are unable to find buyers at an enhanced price, that is, as tuberculin-tested milk.

We are, of course, glad to see the principle of compulsory pasteurisation endorsed by the Government, and sincerely hope that the legislation dealing with this will prove to be on bolder lines than foreshadowed by the White Paper. Surely on such a vital matter there can be no excuse for making pasteurisation a question of local option.

The position which may arise in London with its multitude of local authorities acting independently has only to be visualised to reveal the absurdity of such a proposition. Again, if the Government believe pasteurisation to be desirable, why delay two years before enforcement? Twelve months would seem to be ample notice. The White Paper announces the Government's intention to include in its legislation "provision to facilitate the improved organisation of the distributive service." I do not know what is intended, but I can assure the Government of United Dairies' sympathetic co-operation in achieving its declared purpose.

The steps already taken by the Government for the improvement of our grassland, and for investigation of cattle diseases, mark a forward and cumulative advance in farming economy. Much of our grassland to-day is impoverished and under-cultivated whilst the shortness of the useful life of our dairy cattle is a reproach to our farm management. These measures, if effective, should make for increased production of milk and at a lower cost.

The report was adopted.

NOURSE MINES LIMITED

FUTURE CAPITAL EXPENDITURE

MR R. S. G. STOKES ON THE YEAR'S RESULTS

The annual general meeting of Nourse Mines Limited was held, on the 29th ultimo, in Johannesburg.

Mr R. S. G. Stokes (the chairman), in moving the adoption of the report and accounts, referred to the provision for taxation, which at £75,634, equal to 26 per cent. of the working profits, showed a gratifying reduction compared with the heavy amounts paid annually during the previous four years.

Some increase in taxation might be expected for the current year, resulting from adjustment of the factors upon which the amortisation allowance was based.

During the current financial year capital expenditure would be comparatively heavy on account of the installation of a more powerful hoist at No. 2 A Incline Shaft, completion of hoisting and pumping equipment at No. 3 C Shaft, and cutting and equipping of two engine chambers to serve the new No. 3 D Incline Shaft being sunk south of Goch Dyke.

CAPITAL CHARGES

The rate of capital expenditure would be influenced in some measure by the availability of native labour, but it could be assumed that capital charges for the current year would exceed £55,000. In the following year, when the work should be practically completed, capital expenditure was likely to approximate £40,000.

The scheme involved providing for permanent service of an important area of over 200 claims, representing a practically independent deep level section which was cut off by dykes some 350 ft. in thickness from the workings to the north.

When those major expenditures had been completed it was estimated that future capital requirements would be of a moderate amount.

The question of financing part of the unusually heavy expenditures of the next two years by disposal of a number of ex-enemy shares, of which the company held 44,157, had been receiving the consideration of the board.

FEATURES OF OPERATING RESULTS

Outstanding features of the year's operating results had been an increase in the tonnage milled, a decline in the yield per ton, and working profits—balanced by the reduction in taxation—and the maintenance of ore reserves at over 4,000,000 tons, in spite of the considerably smaller development of footage accomplished.

The current milling rate, which had been 242,000 tons for the quarter ended September 30, 1937, was below the standard for the past year on account of the shortage of native labour and a small change in recent practice at the treatment plant. The effects of the lower mill tonnage had been partly offset by an improvement in the percentage of gold recovery.

The yield per ton had fluctuated during the year from 4.2 pennyweights to four pennyweights, and was now standing at about 4.1 pennyweights. Very large tonnages of profitable ore were being drawn from outside the ore reserves. Outside stopping sources and development faces had contributed 51 per cent. of the tonnage mined.

ORE RESERVES

Referring to a small decrease of 131,300 tons in the available ore reserves, the Chairman said it was particularly gratifying that the ore reserve had been practically maintained, in view of the retardation of development on the reef consequent upon the heavy work and delay involved in the establishment of an additional incline shaft system to the south of Goch Dyke.

Results of development to date south of the Dyke encouraged hope that large new ore reserve tonnages would be created during the current year. Development on the reef to the end of September in the new area and south of Goch Dyke could be summarised as follows:—

Main Reef Leader:—
Footage on Reef, 1,735; Footage Payable, 405; Percentage Payable, 23.3; Inch Pennyweights, 183.

South Reef:—
Footage on Reef, 4,870; Footage Payable, 3,495; Percentage Payable, 71.8; Inch Pennyweights, 362.

The Chairman added:—These results are more favourable than were anticipated, and a falling off in percentage of payability is to be expected. Prospects are, however, satisfactory. It may be estimated that under present industrial conditions a greater part

of the South Reef in the south-eastern claims will be profitably mined, and that the less promising Main Reef Leader will also contribute substantially to the mining resources of the area.

The report and accounts were adopted unanimously.

NEW MODDERFONTEIN GOLD MINING COMPANY, LIMITED

HEAVY BURDEN OF TAXATION

MR R. S. G. STOKES ON THE COMPANY'S FUTURE

The annual general meeting of the New Modderfontein Gold Mining Company, Limited, was held, on the 29th ultimo, in Johannesburg.

Mr R. S. G. Stokes (the chairman), in moving the adoption of the report and accounts, referred to the dividend distributions, which, at 35 per cent. and 30 per cent. for the two half-years, compared unfavourably with the previous year's distributions.

The Chairman continued:—The rapid decline in the rate of distribution was very largely attributable to the incidence of the new system of mining taxation, which came into force as from January 1, 1936. Some further reduction in dividends year by year must be expected as a result of the falling grade of ore mined, but, assuming the maintenance of present industrial conditions, the decline should henceforth be moderate.

Provision for taxation at £668,494 represents an unduly heavy charge of 41.1 per cent. of working profits. I regret that there appears to be no early prospect of any alleviation of this excessive burden. It is pointed out in defence of the present system that the rate of taxation falls helpfully with the ratio of profits to income.

In spite of the steadily declining grade of the company taxation is unlikely for some years to fall below 37 per cent. of the working profit, unless the scale is modified in response to an insistent demand for a liberal and far-seeing policy of mine taxation.

RATE OF PRODUCTION

Production had reached the maximum economic rate at which it should be maintained unless the present shortage of native labour became more acute. The fall in yield of 0.42 pennyweight per ton compared with a fall of 0.49 pennyweight in the previous year. The rate of decline in the yield per ton should now be gradually retarded, although the value of ore yet to be developed upon the Upper Reefs was unlikely to average more than 2.75 pennyweights per ton. Such ore was, however, substantially profitable.

Expectation of further large tonnages of ore from those low-grade sources had been responsible for the maintenance during the past year of a high rate of development. The company's development footage would now show a declining tendency. It was probable that the total advance for the current year would approximate 50,000 feet, but part of that decline would be attributable to the current shortage of native labour. The final results of development and exploration upon the South Reef and the Upper Leaders could not be closely estimated.

Those ore bodies did not possess regular features characteristic of the Main Reef Leader, upon which all primary development was nearly finished. Owing to the general impoverishment of the overlying reefs in the easterly direction, only the western portion of the property could be considered worthy of further systematic development, and in the case of the South Reef and the Leaders A 3 to 7, payable area was likely to be restricted to the north-west corner of the mine.

ORE MINED FROM ORE RESERVES

Commenting upon the higher percentage of ore mined from ore reserves, the chairman said that the increase in working costs for the year had necessitated the exclusion from profitable mining of certain low-grade sources of ore supply outside the reserves. A further increase in the percentage drawn from ore reserves was now to be expected in all circumstances. There had been a further steady increase in the proportion of ore drawn from the South Reef and Upper Leaders.

A heavy increase of 10d. per ton milled in the working costs reflected a combination of adverse factors, some due to temporary circumstances and others to permanent changes in working conditions. Unusually heavy expenditures had to be incurred in the maintenance and repairs of incline shafts.

Stopping, shovelling and tramming costs had been higher, owing partly to increased tramming distances and partly to a large

percentage of waste rock sorted and packed underground in the Upper Leader stopes.

Further increases due to underground conditions were not anticipated so long as the two mills were working at full capacity, and it was hoped that working costs would average about 15s. per ton milled for the current year.

MANAGEMENT'S POLICY

The decline in the available ore reserve, at 299,700 tons, had been substantially less than the fall in the total reserve, owing to the transfer of ore previously classified as "unavailable" to "available" tonnage with the commencement of stoping in No. 1 Circular Shaft Pillar. In accordance with sound, accepted principles the management was aiming to stope out the Main Reef Leader Round Shaft slowly and systematically over a period of three to four years, rather than leave the ground intact for a more hurried recovery at the end of the life of the mine. In the light of the experience now being gained at No. 1 Circular Shaft, preparations would be made for similar extraction of No. 2 Circular Shaft Pillar over a number of years.

The Chairman added:— Under the industrial conditions of to-day the company should be able to continue payment of substantial dividends at a slowly declining rate for several years to come. The stage has not yet been reached when it may be possible to give shareholders an estimate of the probable life of the mine with an adequate assurance of its fulfilment. Both in the general industrial position and in the progress of operations upon the mine itself too many factors of uncertainty remain.

The report and accounts were adopted unanimously.

CONSOLIDATED AFRICAN SELECTION TRUST LIMITED

RECORD PROFIT

The thirteenth annual general meeting of this company was held, on the 3rd instant, in London.

Mr A. Chester Beatty (chairman of the company), in the course of his speech, said: The profit and loss account shows a net profit of £582,406, comparing with £335,953 for the previous year. This expansion was due mainly to the increased revenue received from our subsidiary company, Sierra Leone Selection Trust Limited. We also received a larger dividend on our holding of shares in Cape Coast Exploration Limited.

The investments in the balance sheet stand at about £224,000, and have a value largely in excess of that amount. We feel that the time has come when the book figures for certain of our large shareholdings should be increased to amounts less out of alignment with their values. We propose that the surpluses arising from the appreciation in value of these capital assets should be credited to the general reserve, and that out of that reserve such sum be capitalised as will permit the issue to shareholders of three fully-paid shares of 5s. each for each share held. In this way the nominal amount of the issued ordinary capital would be increased from the present figure of £377,029 to about £1,508,000.

Operations at our mines on the Gold Coast have continued satisfactorily. The recent addition of four units of plant permits greater flexibility in the rate of output. I am glad to say that the volume of developed reserves on the Gold Coast has been more than maintained.

In Sierra Leone two further units of plant are to be erected. In the past year the production of diamonds from Sierra Leone increased substantially, and the product found a ready market.

In regard to the diamond market, sales of uncut goods continued to increase. The relative strength of the diamond market gives grounds for confidence.

As to the general position and outlook for our company we are gratified at being able to report by far the largest profit which the company has hitherto made. The business is now financially stronger than at any time in its history.

The report and accounts were unanimously adopted and the proposed final dividend of 2s. 9d. per share was approved.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to:—

The Reporting Manager,

THE ECONOMIST,

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Telephone: Central 8931

PAHANG CONSOLIDATED COMPANY, LIMITED

RESTRICTION AGREEMENT UNFAIR TO MALAYA

The thirty-first ordinary general meeting of the Pahang Consolidated Company, Limited, was held, on the 2nd instant, at Winchester House, London.

Mr D. J. Ward, the Chairman of the company, in the course of his speech, said: The mine's profit for the year amounted to £212,731. The credit balance on profit and loss account is £232,510. We propose to pay the balance dividend on the preference shares and 30 per cent. on the ordinary shares, making 50 per cent. for the year and an extra 8 per cent. on the preference shares, to which they are entitled under the articles of association, leaving £12,287 to be carried forward.

During the last two years, owing to the incidence of the Buffer Pool, we have paid an extra interim dividend in January or in March. The board now intend to revert to the former practice of paying one interim dividend only about June if profits permit.

The Chairman, referring to the working of the new Tin Restriction Agreement, after pointing out that the first nine months disclosed a deficiency in the production of the other signatory countries of 36,443 tons, continued: Malaya, on the contrary, has over-exported 157 tons. So that the past nine months' working of this agreement has meant restriction for Malaya alone, and should the proposed 25 per cent. cut take effect in January, 1938, Malaya will be the only country, with one possible exception, and that in a very minor degree, to bear its full force. It should be remembered that countries which have failed to produce their permissible export at December 31, 1937, can carry forward 8½ per cent. of their permissible export.

Under this Restriction Agreement we have the spectacle of most countries striving their utmost and failing to obtain their permissible export allowance; whereas Malaya has 22 dredges lying idle: some of these dredges are, however, obsolete. The position will probably right itself in time as regards some, but not all, countries, but at the moment Malaya is unfairly treated. The unfortunate omission in arriving at the basic figure for the standard tonnage of 1929 as set forth in the first Restriction Agreement was not corrected in the second Agreement and individual mines in Malaya are still only allowed to produce about 73 per cent. of the international allowance, so that Malaya is now on a quota of 80 per cent., which will be reduced to about 62 per cent. if this 25 per cent. cut comes into force. Tin at £210 per ton and a 62 per cent. release is the same from a revenue point of view as tin at £163 per ton with an 80 per cent. release, a difference of £47 in the price.

It would, therefore, be fairer to allow the present rate of release to continue so that the price would act as a restriction agent and be borne by all countries instead of the proposed cut, which would practically throw the whole burden, in the initial stages, on Malaya. Voting-power of signatory countries of the Restriction Agreement has some relation to the standard tonnages allotted; but apparently a country still retains its full voting-power when unable to produce its quota. It is argued in responsible quarters that Malaya is not being unduly penalised as the short production by others has resulted in an increased international allowance. This line of argument simply exposes the weakness of the agreement and becomes very thin if the 25 per cent. cut, in prospect, as a temporary measure until consumption became normal. It may be still a temporary measure, but it is with us till 1941, and as regards Malaya's position with other countries, and, secondly, as regards the potentialities of the individual mines in Malaya.

The report and accounts were unanimously adopted.

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JANTAR NIGERIA COMPANY, LIMITED

RECORD RESULTS

The annual general meeting of this company was held, on the 4th instant, in London.

Mr Percy Tarbutt (the chairman) said that the net profit for the year was £91,650 and they recommended a final dividend of 50 per cent., making 65 per cent. for the year. The results for the year were again a record in the history of the company as regarded output, profit and dividends. Their production was 560 tons.

Apart from the known reserves of tin, there were some 2,164 tons of low-grade tin concentrates on their Kuru III property, which, subject to the continuation of their contract, would be won in the course of Columbite production, and should be included in the reserves. The reserves of low-grade tin concentrates on that area alone would last ten years. On Kuru I the reserves would last for approximately ten years also.

For the past two years they had concentrated their efforts on close drilling Kuru III in order to ascertain what Columbite reserves were available. They had proved to date 6,394 tons, which, on the basis of the tonnage extracted during the past year, would last for fifteen years. For the previous ten years, during which time a total of 1,450 tons of tin was extracted from reserves, the total reserves at the end of that time was reduced by only three tons.

With regard to Columbite, the American buyers had duly exercised their right to renew the company's contract on May 1st on the basis of 30 tons per month at a price which gave the company £130 per ton for its concentrates. With the area they had proved of a comparatively low-grade product, it was essential for the company to mine and ship regular quantities each month to ensure a reasonable profit, and shareholders would readily see that without their contract it would not be an economic proposition to work the property trusting to intermittent shipments and sales of odd lots even at higher prices. They must also bear in mind that in mining their Columbite concentrates they obtained a certain amount of tin, which would not otherwise be payable.

The report was unanimously adopted and a vote of thanks was accorded to the chairman, directors and staff.

BUENOS AYRES WESTERN RAILWAY, LIMITED

DIFFICULT CONDITIONS

The forty-eighth ordinary general meeting of the Buenos Ayres Western Railway, Limited, was held, on the 3rd instant, at River Plate House, London. Sir Follett Holt, K.B.E., M.Inst.C.E. (the chairman), presiding.

The Chairman, in moving the adoption of the report and accounts, said that there was a distinct improvement in the results of working the railway as compared with the previous two years, but it was much to be regretted that the preference charges could not be met in full, and that no dividend was possible on the ordinary stock. In fact, no less than 57 per cent., representing £18,000,000 of the capital of the company, remained without any remuneration.

Argentina was now enjoying an era of prosperity, and it was a hardship that in the past year the company had received such a small share of that prosperity. In his view that was also undesirable in the Republic's best interests. Great Britain had backed that country from the first and throughout its history with money and skilled men, and still remained by far the best customer for its produce, and he submitted that such friends and such customers were deserving of the fullest encouragement and consideration.

Over an average of years the railways could not serve the country efficiently under the present position of tariffs and exchange. They knew that immense sums were required to keep a great railway going, and what a bad day it would be for Argentina, dependent as she was on transport, if the railways fell into decay.

This company's total requirements of fuel oil for burning in their steam locomotives last year were 45,000 tons, and the whole of that amount had been covered by their share of the production of the Comodoro Rivadavia oilfield. In regard to competition by the neighbouring railways and the roads, the Provincial Government were alive to the unfairness of running the Provincial State Railway at a loss, and negotiations to end that were progressing. Railway action to meet road competition was now a clear-cut proposition.

The report was unanimously adopted.

BIRMINGHAM SMALL ARMS COMPANY, LIMITED

INCREASED TURNOVER AND PROFIT

The ordinary general meeting of the Birmingham Small Arms Company, Limited, was held, on the 2nd instant, at Birmingham.

Sir Alexander Roger (the chairman), in the course of his speech, said that the profit amounted to £555,594, compared with £315,234 for the last year and £152,712 for the previous year. The turnover of the group showed an increase of 22 per cent. over last year, which itself was the highest of recent years. The directors recommended the payment of the dividend on the "A" cumulative preference stock for the half-year to July 1st and the payment of six years' dividend on the "B" cumulative preference stock, wiping out all arrears.

The progress of reorganisation of their motor car and bus manufacture had steadily continued. Their Daimler and Lanchester cars continued to enhance their reputation and their sales testified to that. In the motor show which had just closed their new range of cars had met with high approval and the sales resulting had been most satisfactory. There had been a steady demand for the Daimler bus chassis, and orders had increased by 34 per cent. The design of the new Daimler trolley-bus had also proved very successful. Orders for cars and bus chassis for export had increased by 84 per cent. The company maintained its outstanding position in the motor-cycle industry and sales had increased by 16 per cent. The trade and public continued to recognise that B.S.A. cycles were of the highest quality and reliability. Orders and sales in the "tool group" were more than doubled and the order books continued in a healthy condition, whilst the steel side of the group had been extraordinarily busy, achieving an increase in turnover of approximately 33 per cent.

Last year he had been rash enough to make the statement that the board felt with confidence that the company had turned the corner. That turned out to have been justified. In spite of fluctuations and increases in cost of raw materials and rise in wages they had been able to make more profit than for many years and, unless any major political disturbances appeared on the horizon they felt that the prospects for the coming year were good.

The report was unanimously adopted.

SINGAPORE PARA RUBBER ESTATES, LIMITED

DIVIDEND OF 10 PER CENT.

The twenty-eighth ordinary general meeting of this company was held, on the 4th instant, in London.

Mr R. V. Bannon (the chairman), who presided, said that it was satisfactory to report a substantial improvement in the profits which, for the past year, showed a total of £14,702, as compared with £8,059 for the previous period. They recommended the payment of a dividend of 10 per cent., less income tax, leaving the sum of £5,129 to be carried forward.

In addition to the 67 acres now being replanted there were approximately 450 acres suitable for replanting. Their policy would be gradually to replant that area, and for that purpose they had offered to shareholders 313,334 shares of the unissued capital at par. Up to the present 209,309 shares had been applied for, and the balance would be dealt with by the directors as circumstances dictated. When the balance of those shares was issued, the company's total issued capital would stand at £135,000.

Allowing for a reduction of, say, 10 per cent. in the exportable percentage as from January 1st next, their exportable crop for the current year would be in the neighbourhood of 1,120,000 lbs. Results, of course, would depend upon the price of rubber, which, in common with all other commodities, had suffered a sharp setback during the last two months. They all wanted to see a clearer political outlook and more stable conditions in America, and if those two conditions obtained, he saw no reason why the price of their product should not recover from recent slump influences.

The report and accounts were unanimously adopted.

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GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended October 30, 1937, amounted to £12,858,000, against ordinary expenditure of £19,839,000. After increasing Exchequer Balances by £174,462 the operations for the week, as shown below, increased the gross National Debt by £7,155,000, to about £8,230 millions.†

(000's omitted)	
Treasury Bills	+ 7,355 P.O. and Teleg. (Money) Acts... - 300
Public Department Advances... ..	+ 100
	+ 7,455
	- 300

† Including £575 millions on account of Exchange Equalisation Account.

An approximate analysis of the National Debt as at September 30, 1937, appeared on page 41 of *The Economist* of October 2.

Receipts into the Exchequer					
REVENUE	Estimate for the year 1937-38	April 1, 1936, to Oct. 31, 1936	April 1, 1937, to Oct. 30, 1937	Week ended Oct. 31, 1936	Week ended Oct. 30, 1937
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	288,150,000	60,967,000	70,307,000	3,158,000	3,528,000
Sur-tax	58,000,000	6,550,000	7,560,000	170,000	200,000
Estate, etc., Duties	89,000,000	49,240,000	53,770,000	1,270,000	1,950,000
Stamps	29,000,000	12,700,000	11,810,000	730,000	570,000
Other Inland Revenue	1,500,000	130,000	180,000	...	30,000
Duties	2,000,000	...	...	...	...
National Defence Contribution	...	...	...	...	...
Total Inland Revenue	467,650,000	129,587,000	143,627,000	5,326,000	6,276,000
Customs and Excise—					
Customs	219,850,000	123,600,000	130,556,000	3,692,000	4,026,000
Excise	115,150,000	63,600,000	66,600,000	1,600,000	1,500,000
Total Customs and Excise	333,000,000	187,200,000	197,156,000	5,292,000	5,526,000
Motor Vehicle Duties	34,000,000	9,701,000	9,922,000	518,000	573,000
Post Office (Net Receipt)	11,800,000	9,000,000	8,330,000	600,000	220,000
Crown Lands	1,350,000	910,000	900,000	...	260,000
Receipts from Sundry Loans	4,300,000	3,063,247	3,547,985	...	...
Miscellaneous Receipts	11,000,000	13,851,438	8,440,479	190	3,295
Total Ordinary Revenue ...	863,100,000	353,312,685	371,923,464	11,736,190	12,858,295
SELF-BALANCING REVENUE					
Post Office (Revenue required to meet expenditure on Post Office and Broadcasting)...	75,198,000	38,300,000	41,270,000	1,750,000	2,180,000
Total	...	391,612,685	413,193,464	13,486,190	15,038,295

Issues out of the Exchequer to meet payments from					
EXPENDITURE	Estimate for the year 1937-38	April 1, 1936, to Oct. 31, 1936	April 1, 1937, to Oct. 30, 1937	Week ended Oct. 31, 1936	Week ended Oct. 30, 1937
ORDINARY EXPENDITURE					
Interest and Management of National Debt	224,000,000	127,948,732	130,761,418	274,649	361,138
Payments to Northern Ireland Exchequer	8,000,000	3,593,698	4,016,878	...	343,785
Other Consolidated Fund Services	3,200,000	1,400,902	1,913,751	51,442	27,660
Post Office Fund	300,000	...	...	...	...
Total	235,500,000	132,943,332	136,692,047	326,091	732,583
Total Supply Services (excluding Post Office and Broadcasting)	162,734,800	131,349,179	130,534,997	11,682,500	19,106,250
Total Ordinary Expenditure	398,234,800	264,292,511	267,227,044	17,178,591	18,838,833
SELF-BALANCING EXPENDITURE					
Post Office Vote and Vote for Broadcasting	75,198,000	38,300,000	41,270,000	1,750,000	2,180,000
Total	...	402,590,511	308,497,044	18,928,591	21,018,833

† Including margin for Civil Supplementary Estimates but excluding £80,000,000 estimated to be met from borrowed moneys under the Defence Loans Act, 1937.
‡ Motor Vehicle Duties apportioned to Road Fund treated as Self-Balancing in 1936-37 now added to Revenue and Expenditure figures for purposes of comparison.

The aggregate issues and receipts from April 1, 1937, to October 30, 1937, are shown below:—

(000's omitted)	
Ordinary Expenditure	487,227
Issue to Exchange Equalisation Fund (July, 1937)	200,000
Ordinary Revenue	371,924
Decrease in balances	203
Gross borrowing	320,615
Less:—	
New sinking fund	5,506
Old S. Fund, 1907-08	9
Net borrowing	315,100
	687,227

POSITION OF THE FLOATING DEBT

Movement week ended Oct. 31, '36 Mar. 31, '37 Oct. 30, '37 Oct. 30, '37				
Ways & Means Advances Outstanding:—				
Advances by Bank of England	27,150,000	23,535,000	32,080,000	+ 100,000
Advances by Public Departments	830,735,000	674,595,000	895,280,000*	+ 7,355,000
Treasury Bills outstanding	...	...	...	...

* Includes £1,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £45,000,000 Treasury Bills were opened on October 29, 1937. The amount applied for was £84,495,000. Tenders were accepted for Treasury Bills at three months dated Monday to Friday at £99 17s. 5d. about 62 per cent. and above, in full; Saturday at £99 17s. 6d. and above, in full. The average rate per cent. was 10s. 1.55d.

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 4, 1935	30,000,000	49,560,000	27,500,000	0 6 1.64
July 5, 1935	40,000,000	80,905,000	40,000,000	0 12 4.32
January 3, 1936	35,000,000	68,075,000	35,000,000	0 10 10.72
July 8, 1936	50,000,000	72,750,000	50,000,000	0 12 1.27
January 1, 1937	40,000,000	75,450,000	40,000,000	0 12 5.63
April 2, 1937	45,000,000	73,025,000	45,000,000	0 10 10.84
July 2, 1937	45,000,000	72,860,000	45,000,000	0 11 0.45
October 1, 1937	50,000,000	84,285,000	50,000,000	0 10 9.02
October 22, 1937	45,000,000	86,320,000	45,000,000	0 10 4.97
October 29, 1937	45,000,000	84,495,000	45,000,000	0 10 1.55

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended September 25, 1937	543,744	407,808
Week ended October 2, 1937	571,992	428,994
Week ended October 9, 1937	617,973	463,480
Week ended October 16, 1937	611,645	458,734

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THE BANKERS' GAZETTE

BANK OF ENGLAND
RETURN FOR WEEK ENDED WEDNESDAY,
NOVEMBER 3, 1937

ISSUE DEPARTMENT	
Notes Issued:—	
In Circulation	485,908,678
In Bank Department	40,497,947
Government Debt	11,015,100
Other Government Securities	188,114,386
Other Securities	857,176
Silver Coin	13,366
Amount of Fiduciary Issue	200,000,000
Gold and Silver Bullion	328,406,625
	528,406,625

BANKING DEPARTMENT	
Proprietors' Capital	14,553,000
Reserve	3,161,943
Public Deposits	30,284,890
Other Deposits	...
Other Accounts	£89,435,199
	£36,632,370
	126,067,569
	174,067,202
	174,067,202

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

Both Departments	Amount, Nov. 3, 1937	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	485,908,678	+ 2,760,692	+ 38,796,815
Public deposits	30,284,890	+ 1,888,694	+ 3,083,096
Bankers' deposits	89,435,199	+ 1,758,415	+ 4,094,782
Other deposits	36,632,370	+ 37,444	+ 5,178,388
Total outside liabilities	642,260,937	+ 2,684,857	+ 40,798,307
Capital and rest	17,714,943	+ 30,412	+ 13,776
Government debt and securities	302,542,623	+ 3,060,293	+ 36,980,702
Discounts and advances	7,821,119	+ 288,567	+ 1,185,245
Other securities	21,608,002	+ 47,308	+ 778,482
Silver coin in issue department	13,366	+ 3,568	+ 7,841
Coin and bullion (bank's reserves)	327,991,740	+ 32,705	+ 78,387,311
Reserves of notes and coin in banking department	42,083,082	+ 2,793,397	+ 20,406,504
Proportion of reserve to outside liabilities—			
(a) Banking Department only ("proportion")	26.9%	— 1.8%	— 13.5%
(b) Gold stocks to deposits and notes ("reserve ratio")	51.1%	— 0.2%	+ 9.6%

(000's omitted)							
Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
	£	£	£	£	£	£	%
1937							
Oct. 13	526,407	489,859	26,060	92,921	36,413	Nil	2
" 20	526,407	484,346	29,774	89,329	36,252	Nil	2
" 27	526,407	483,148	32,174	87,679	36,595	Nil	2
Nov. 3	526,407	485,909	30,285	89,435	36,632	Nil	2

(000's omitted)

Date	Issue Department		Both Depts.		Banking Department			
	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio		Govt. Securities	Discounts & Advances	Other Securities	Reserve and the "Proportion"
	£	£	£	%	£	£	£	%
1937								
Oct. 13	199,409	579	328,145	50%	105,088	9,248	20,437	38,286
" 20	199,446	542	328,061	51 1/2	99,603	6,468	23,250	43,714
" 27	199,244	746	328,024	51 1/2	100,238	8,109	20,909	44,876
Nov. 3	199,129	857	327,992	51 1/2	103,413	7,820	20,751	42,083

BANKERS' CLEARING RETURNS
LONDON (000's omitted)

	T.M.B.	Metropolitan	Country	Total
1937	£	£	£	£
January 1 to October 20	29,814,738	1,746,547	3,067,803	34,629,088
Week ended October 27	684,691	40,653	67,237	792,581
Week ended November 3	712,426	44,132	74,734	831,292
Total to date, 1937	31,211,855	1,831,332	3,208,774	36,252,961
Total to date, 1936	28,605,671	1,686,651	2,923,549	33,215,871
Increase or decrease in 1937	+2,606,184	+144,681	+285,225	+3,037,090
	= 9.1%	= 8.6%	= 9.8%	= 9.1%
Total for year 1936	35,089,356	2,039,620	3,537,598	40,616,574
Total for year 1937	32,443,575	1,887,112	3,229,064	37,559,751
Total for year 1935	+2,595,781	+152,508	+308,534	+3,056,823
Increase or decrease in 1936	= 8.0%	= 8.1%	= 9.6%	= 8.2%

PROVINCIAL (000's omitted)

Week ended October 30		Month of October (Dublin excluded)		Aggregate Totals, January 1 to October 30	
1936	1937	1936	1937	1936	1937
No. of working days:—					
27	26				
BIRMINGHAM	3,090	12,314	11,132	— 9.5	112,016
BRADFORD	1,111	1,023	4,644	— 12.5	41,800
BRISTOL	1,357	1,343	6,096	— 3.4	55,031
DUBLIN	5,177	5,560	...	...	243,526
HULL	998	843	3,928	+ 1.7	35,472
LEEDS	786	1,151	4,429	+ 2.7	40,115
LEICESTER	755	652	3,419	+ 4.4	31,424
LIVERPOOL	6,978	6,272	30,489	— 1.6	265,470
MANCHESTER	11,100	10,805	50,207	— 2.9	438,151
NEWCASTLE	1,490	1,827	6,311	+ 12.5	56,621
NOTTINGHAM	507	483	2,388	— 5.6	21,815
SHEFFIELD	860	863	4,720	— 1.9	42,991
	34,209	33,061	128,936	— 2.4	1,384,432

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Bank of Turkey appeared in *The Economist* for June 26, 1937. International Settlements and Denmark in October 9. Danzig, Portugal, and Java in October 23. Argentina, Egypt, Estonia, India, Latvia, Lithuania, Poland, Roumania, Sweden, Jugo-Slavia and New Zealand in October 30.

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

	Nov. 5, 1936	Oct. 14, 1937	Oct. 21, 1937	Oct. 28, 1937	Nov. 4, 1937
U.S.F.R. BANKS					
RESOURCES					
Gold Certificates on hand and due from the Treasury	8,650,840	9,126,890	9,126,390	9,126,390	9,124,900
Total reserves	8,911,550	9,430,300	9,439,730	9,451,300	9,442,420
Total cash reserves	249,350	293,760	303,900	315,490	308,140
Total bills discounted	7,080	23,450	18,480	23,430	24,320
Bills bought in open market	3,090	2,830	2,830	2,830	2,830
Total bills on hand	10,170	26,280	21,310	26,260	27,150
Industrial advances	26,470	19,620	19,480	19,450	19,350
Total U. S. Govt. securities	2,430,230	2,526,190	2,526,190	2,526,190	2,526,190
Total bills and securities	2,466,860	2,572,090	2,566,980	2,571,900	2,572,690
Total resources	12,048,650	12,774,300	12,834,710	12,760,480	12,710,560
LIABILITIES					
Federal Reserve notes in actual circulation	4,134,750	4,291,520	4,270,220	4,256,100	4,284,160
Aggregate of excess member bank reserves over re- quirements	2,140,000	990,000	1,020,000	1,070,000	1,050,000
Deposits—Member bank— reserve account	6,693,360	6,918,900	6,938,800	6,950,730	6,888,940
Government deposits	94,550	83,230	81,560	94,050	110,830
Total deposits	6,988,000	7,459,890	7,498,930	7,529,350	7,481,490
Capital paid in and surplus	302,820	306,000	306,150	306,150	306,150
Total liabilities	12,048,650	12,774,300	12,834,710	12,760,480	12,710,560
Ratio of total reserves to deposit and F.R. note liabilities combined	80-2%	80-1%	80-2%	80-2	80-3
U.S.F.R. BANKS AND TREASURY COMBINED					
RESOURCES					
Monetary Gold Stock	11,058,000	12,784,000	12,793,000	12,801,000	12,804,000
Treasury and National Bank Currency	2,515,000	2,601,000	2,605,000	2,607,000	2,608,000
LIABILITIES					
Money in circulation	6,378,000	6,585,000	6,546,000	6,519,000	6,565,000
Treasury Cash and Deposits with F.R.	2,487,000	3,717,000	3,736,000	3,760,000	3,773,000

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

ASSETS	Nov. 2, 1936	Oct. 4, 1937	Oct. 11, 1937	Oct. 18, 1937	Oct. 25, 1937	Nov. 1, 1937
Gold	569,895	1,275,877	1,290,816	1,300,778	1,354,644	1,354,644
Silver	20,285	17,562	17,778	18,452	9,609	9,609
Home bills discounted	22,556	10,702	9,572	9,662		
Loans and advances in current account	288,129	197,364	196,812	196,430	197,135	196,606
LIABILITIES						
Notes in circulation	805,696	863,072	849,078	863,996	856,123	911,137
Deposits	118,099	663,615	688,850	682,295	736,211	688,773

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

ASSETS	Oct. 31, 1936	Sept. 30, 1937	Oct. 7, 1937	Oct. 15, 1937	Oct. 23, 1937	Oct. 30, 1937
Gold	2,408,370	2,530,861	2,530,922	2,538,063	2,570,928	2,672,472
Of which held abroad	405,130	510,184	538,353	548,605	591,960	706,689
Foreign exchange	47,289	404,831	474,348	474,280	482,073	482,564
Discounts	96,787	9,244	9,085	8,892	9,793	10,523
Advances	45,320	27,727	27,789	26,648	25,740	26,647
Securities	39,410	15,906	15,906	15,906	15,906	15,897
LIABILITIES						
Notes in circulation	1,412,534	1,442,360	1,413,687	1,400,581	1,392,993	1,450,002
Deposits	1,231,759	1,523,185	1,613,751	1,638,891	1,686,183	1,737,390

N.B.—Exchange Equalisation Fund and assets included in returns Dec. 31, 1936, onwards at 538,583,653 fcs.

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

ASSETS	Oct. 31, 1936	Oct. 7, 1937	Oct. 15, 1937	Oct. 22, 1937	Oct. 31, 1937
Cash and bullion (gold reserve)...	118,859	118,840	118,840	118,840	118,840
Balance abroad and foreign bills	74,718	169,969	172,462	171,921	173,435
Funds provisionally placed in gold, not included in the gold reserve	96,211	70,331	70,331	70,331	70,331
Norwegian and foreign government securities	42,244	90,974	91,679	92,378	92,516
Discounts and loans	218,870	127,097	121,229	121,432	118,598
LIABILITIES					
Notes in circulation	409,034	418,531	419,298	418,505	424,680
Deposits at sight	93,207	103,745	100,127	98,481	90,414

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

ASSETS	Oct. 23, 1936	Sept. 30, 1937	Oct. 7, 1937	Oct. 15, 1937	Oct. 23, 1937
Cash reserve: Gold coin and bullion	242,748	243,107	243,112	243,120	243,126
Net foreign exchange	113,974	141,876	145,794	150,442	153,428
Bills discounted	209,954	190,126	189,099	190,154	187,494
Federal debt	624,444	620,152	620,152	620,152	620,152
LIABILITIES					
Notes in circulation	852,484	913,955	862,257	860,873	820,727
Deposits	315,201	272,299	325,913	335,405	378,726

5,976.26 schillings = 1 kg. fine gold, Dec. 31, 1936, and after.

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

ASSETS	Oct. 23, 1936	Sept. 30, 1937	Oct. 7, 1937	Oct. 15, 1937	Oct. 23, 1937
Metal reserve—					
Gold coin and bullion	78,936	84,056	84,056	84,056	84,056
Foreign Exchange	32,897	57,724	55,381	55,899	54,824
Token money	6,686	3,940	3,845	5,205	5,998
Inland bills, warrants and securities	478,565	419,176	403,909	378,562	331,368
Advances to Treasury	94,159	112,322	113,538	113,538	113,538
LIABILITIES					
Notes in circulation	363,883	457,058	432,506	408,889	395,003
Current accounts, deposits, etc.	185,752	196,604	207,352	222,746	222,746
Cash certificates	92,901	92,901	89,233	89,233	89,233
Other liabilities	165,457	164,165	165,726	167,025	169,535

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

ASSETS	Oct. 23, 1936	Sept. 30, 1937	Oct. 7, 1937	Oct. 15, 1937	Oct. 23, 1937
Gold	2,591,653	2,571,175	2,569,398	2,569,365	2,569,116
Balance abroad and foreign currencies	446,143	399,994	413,709	428,912	442,930
Discounts and advances	1,652,269	2,383,303	2,375,126	2,188,895	2,168,872
State notes debt balance	2,029,602	2,013,622	2,013,192	2,012,815	2,012,892
LIABILITIES					
Bank notes in circulation	5,419,872	6,468,540	6,198,301	6,011,461	5,875,755
Deposits	723,878	170,486	486,314	523,682	690,195

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

ASSETS	Oct. 23, 1936	Sept. 30, 1937	Oct. 7, 1937	Oct. 15, 1937	Oct. 23, 1937
Gold holdings	1,615,855	1,833,910	1,870,538	1,870,538	1,870,538
Balance abroad and foreign currencies	557,401	398,861	460,853	549,427	541,114
Discounts and advances	1,754,397	1,437,244	1,615,202	1,598,899	1,583,527
Advances to the Treasury	2,671,271	3,522,998	3,522,998	3,522,998	3,522,998
LIABILITIES					
Reserves	1,241,935	1,207,828	1,204,714	1,204,669	1,203,684
Bank notes in circulation	2,625,518	2,950,384	2,945,925	3,004,494	2,942,559
Sight liabilities	2,153,468	2,869,388	3,081,986	3,037,494	3,112,049
Deposits	120,982	103,050	103,050	103,050	102,901

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

ASSETS	Oct. 23, 1936	Sept. 30, 1937	Oct. 7, 1937	Oct. 15, 1937	Oct. 23, 1937
Gold and gold exchange	2,852,671	3,396,475	3,435,691	3,508,230	3,557,015
State Gold Bonds	556,944	521,135	521,135	521,135	521,135
Bills discounted	555,296	606,857	603,456	607,303	600,194
Advances	5,221,783	4,573,763	4,647,367	4,568,728	4,548,351
State Debt	3,605,111	3,855,264	3,855,264	3,855,352	3,855,352
LIABILITIES					
Notes in circulation	6,181,220	6,375,075	6,775,200	6,820,189	6,893,694
Deposit and current accts.	5,735,195	5,591,014	5,570,466	5,519,223	5,324,353
Foreign exchange liabilities	103,046	144,197	129,760	133,307	133,719

BANK OF JAPAN.—In yen (000's omitted)

ASSETS	Oct. 17, 1936	Sept. 30, 1937	Oct. 7, 1937	Oct. 15, 1937	Oct. 23, 1937
Gold coin and bullion	539,642	501,001	501,001	501,001	501,001
Other coin and bullion	62,354	46,469	46,454	50,895	55,659
Discounts	550,227	548,520	633,519	556,956	559,717
Advances	197,597	30,192	30,639	30,287	29,837
Advances on foreign bills	48,890	131,029	136,730	82,347	76,596
Government bonds	438,944	554,049	542,085	531,971	691,348
Agencies accounts	82,097	137,409	112,772	116,014	88,901
LIABILITIES					
Notes issued	1,283,093	1,569,855	1,642,773	1,573,001	1,559,489
Government deposits	348,636	358,430	323,528	273,779	404,635
Other deposits	48,822	76,914	69,833	66,915	66,898

BANK OF FINLAND.—In F. Marks (000's omitted)

ASSETS	Oct. 23, 1936	Sept. 30, 1937	Oct. 8, 1937	Oct. 15, 1937	Oct. 23, 1937
Gold reserve	603,386	602,758	602,750	602,735	602,727
Gold abroad not included in the gold reserve	111,418	31,976	31,976	31,976	31,976
Foreign correspondents	1,247,834	2,048,731	2,019,681	2,031,760	2,029,897
Foreign bills, bank notes, and coupons	78,266	97,468	90,018	79,079	84,064
Inland bills and other home loans	936,689	1,013,684	980,732	979,081	1,012,590
LIABILITIES					
Notes in circulation	1,497,281	2,004,752	1,994,895	1,996,459	1,946,457
Government deposits at sight	137,922	160,411	41,130	59,333	91,999
Other deposits at sight	723,409	916,717	953,010	940,412	976,929
Ratio of ordinary cover to liabilities at sight	74.69	78.19	80.26	80.23	80.60

MONEY AND EXCHANGE RATES

LONDON MONEY RATES

	Oct. 28, 1937	Oct. 29, 1937	Oct. 30, 1937	Nov. 1, 1937	Nov. 2, 1937	Nov. 3, 1937	Nov. 4, 1937
Bank rate (changed from 2½% June 30, 1932)	2	2	2	2	2	2	2
Market rates of discount—							
60 days' bankers' drafts	1½	1½	1½	1½	1½	1½	1½
3 months' do.	1½	1½	1½	1½	1½	1½	1½
4 months' do.	1½	1½	1½	1½	1½	1½	1½
6 months' do.	1½	1½	1½	1½	1½	1½	1½
Discount Treasury Bills—							
2 months'	1½	1½	1½	1½	1½	1½	1½
3 months'	1½	1½	1½	1½	1½	1½	1½
Leans—Day-to-day	1½	1½	1½	1½	1½	1½	1½
Short	1½	1½	1½	1½	1½	1½	1½
Deposit allowances: Bank	1½	1½	1½	1½	1½	1½	1½
Discount houses at call	1½	1½	1½	1½	1½	1½	1½
At notice	1½	1½	1½	1½	1½	1½	1½

Comparison with previous weeks

		previous weeks						
		Short Loans	Bank Bills			Trade Bills		
			3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
1937	%	%	%	%	%	%	%	%
Oct. 7	1-1	1-1	1-1	1-1	2-2	2-2	2-3	2-3
" 14	1-1	1-1	1-1	1-1	2-2	2-2	2-3	2-3
" 21	1-1	1-1	1-1	1-1	2-2	2-2	2-3	2-3
" 28	1-1	1-1	1-1	1-1	2-2	2-2	2-3	2-3
Nov. 4	1-1	1-1	1-1	1-1	2-2	2-2	2-3	2-3

LONDON RATES OF EXCHANGE

I.—Spot Rates (Range of the day's business)

London on	Par of Exch. per £	Oct. 29, 1937	Oct. 30, 1937	Nov. 1, 1937	Nov. 2, 1937	Nov. 3, 1937	Nov. 4, 1937
New York, \$.	14.86	4.95	4.96	4.96	4.96	4.96	4.97
Montreal, \$.	4.86	4.95	4.96	4.96	4.96	4.96	4.97
Paris, Fr.	124.21	147-147½	147-147½	147-147½	147-147½	147-147½	147-147½
Brussels, Bel.	35.00(a)	29-34.39	29-34.38	29-31-36	29-32-35	29-31-35	29-32-35
Milan, L.	92.46	94½	94½	94½	94½	94½	94½
Zurich, Fr.	25.22½	94-20½	94-30½	94-30½	94-30½	94-30½	94-30½
Athens, Dr.	375	540-555	540-555	540-555	540-555	540-555	540-555
He'sfors, Mk.	189.23	225½-226½	225½-226½	225½-226½	225½-226½	225½-226½	225½-226½
Madrid, Pt.	25.22½	60-100(1)	60-100(1)	60-100(1)	60-100(1)	60-100(1)	60-100(1)
Lisbon, Esc.	110	110-110½	110-110½	110-110½	110-110½	110-110½	110-110½
Amst'dm, Fl.	12-107	8-96-98½	8-97-99	8-97-98	8-97-98	8-97-98	8-97-98
Berlin, Mk.	20.43	12-33-37	12-34-37	12-33-36	12-33-35	12-33-36	12-34-37

Registered Marks	(c)	47½-52½	47½-52½	47½-52½	47½-52½	46½-51½	46½-51½
Vienna, Sch...	34.58	25½-27½	25½-27½	25½-27½	25½-27½	25½-27½	25½-27½
Bu'pest, Pen.	27.82	24½-25½	24½-25½	24½-25½	24½-25½	24½-25½	24½-25½
Prague, Kc.	164½	141½-142½	141½-142½	141½-142½	141½-142½	141½-142½	141½-142½
Danzig, Gul.	25.00	26-26½	26-26½	26-26½	26-26½	26-26½	26-26½
Warsaw, Gul.	43.38	26-26½	26-26½	26-26½	26-26½	26-26½	26-26½
Riga, Lat.	25.22½	24½-25½	24½-25½	24½-25½	24½-25½	24½-25½	24½-25½
Buchar'st, Lei	813.8	665-685	665-685	665-685	665-685	665-685	665-685
Const'ple, Pat	110	621*	621*	620*	620*	620*	620*
		624k	624k	624k	624k	624k	624k
Belgrade, Din.	276.32	210-220	210-220	210-220	210-220	210-220	210-220
Kovno, Lit...	48.66	29-30	29-30	29-30	29-30	29-30	29-30
Sofia, Lev.	673.66	390-420	390-420	361-420	390-420	390-420	390-420
Tallinn, E. Kr.	183.59	178-183	178-183	178-183	178-183	178-183	178-183
Celo, Kr...	18-159	19-85-95	19-85-95	19-85-95	19-85-95	19-85-95	19-85-95
Se'ul, Han	18-159	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45
Cop'h'gen, Kr.	18-159	22-35-45	22-35-45	22-35-45	22-35-45	22-35-45	22-35-45
Alex'ndria, Pst.	97†	97½*	97½*	97½*	97½*	97½*	97½*
Br. India, Rup	† 18d.	18½*	18½*	18½*	18½*	18½*	18½*
Hong Kong, \$.	† 12½	14½-15½	14½-15½	14½-15½	14½-15½	14½-15½	14½-15½
Kobe, Yen	† 24.58d.	13½-14½	13½-14½	13½-14½	13½-14½	13½-14½	13½-14½
Shanghai, \$.		14-14½	14-14½	14-14½	13½-14½	13½-14½	13½-14½
Singapore, \$.	† 28d.	28½*	28½*	28½*	28½*	28½*	28½*
Batavia, F...	12.11	8½-9½	8-9-9½	8-9½-9½	8-9½-9½	8-9½-9½	8-9½-9½
Rio, Mil...	† 5.899d.	8-9½	2½*	2½*	2½*	2½*	2½*
B. Aires, \$...	11.45	16-66-75½	16-66-75½	16-68-74	16-68-75	16-70-76	16-72-78
Valparaiso, \$.	40	124½ (124½)	124½ (124½)	124½ (124½)	124½ (124½)	124½ (124½)	124½ (124½)
M'video, \$...	† 51d.	26½-27½	26½-27½	26½-27½	26½-27½	26½-27½	26½-27½
Lima, Sol.	17.38	18½-19½	18½-19½	18½-19½	18½-19½	18½-19½	18½-19½
Mexico, Pes...	9.76	17½-18½	17½-18½	17½-18½	17½-18½	17½-18½	17½-18½
Manila, Pes...	† 24.66d.	24-24½	24-24½	24-24½	24-24½	24-24½	24-24½
Monaco, Rbls.		26-27½	26-27½	26-30½	26-30½	26-30½	26-35½
B'ngkok, Baht	† 21.82d.	22-22½	22-22½	22-22½	22-22½	22-22½	22-22½

IMPORTS AND EXPORTS OF SILVER

Imports			Exports		
From	Bullion*	Coin†	To	Bullion*	Coin†
Australia	17,648	£	Aden	£	8,083
Germany	20,191	...	Straits Settlements	4,170	1,485
Netherlands	22	...	New Zealand	2,179	...
Belgium	13,300	...	Sweden	2,084	...
France	1,882	...	Norway	1,175	...
France	190	...	Denmark	2,300	...
Czechoslovakia	31,259	...	Netherlands	380	...
Other countries	1,200	...	Switzerland	1,47	...
			Italy	1,511	3,870
			Egypt	1,780	1,500
			Arabia, Muscat	8,600	...
			U.S.A.	1,777	275
			Other countries	...	65
Total	69,098	3,082	Total	26,103	275
		13,412			15,003

* At current market value. † Coin which is of legal tender in the United Kingdom is entered at face value and shown in italics. Other coin is entered at current market value.

GOLD MOVEMENTS: BANK OF ENGLAND

1937	ARRIVALS	1937	WITHDRAWALS
Oct. 29	Nil	Oct. 29	Nil
" 30	Nil	" 30	Nil
Nov. 1	Nil	Nov. 1	Nil
" 2	Nil	" 2	Nil
" 3	Nil	" 3	Nil
" 4	Nil	" 4	Nil
Total	Nil	Total	Nil
Movement, Oct. 29 to Nov. 4, 1937 (inclusive)..... £113,609,527 in			
Movement during year 1936..... £12,745,963 in			
Movement during 1937 (January 1 to Nov. 4, inclusive)..... £167,312,687 in			
Movement, April 29, 1925, to Nov. 4, 1937 (inclusive)..... £190,458,915 in			
Movement, September 21, 1931 (gold standard suspended) to Nov. 4, 1937 (inclusive).....			

GOLD MARKET

Messrs Samuel Montagu and Company write on November 3, 1937:—The Bank of England gold reserve against notes amounted to £326,406,625 on October 27th, showing no change as compared with October 20th.

In the open market about £2,500,000 of bar gold was available at the daily fixing during the week. Although offerings were fairly substantial, they were readily absorbed by Continental demand sufficiently strong to cause prices to rule at a good premium over dollar parity, ranging from 3½d. at the beginning of the week to 6½d. on November 3rd. The s.s. "Viceroy of India" which sailed from Bombay on October 30th, carries gold to the value of about £210,000. The Southern Rhodesian gold output for September, 1937, amounted to 68,781 fine ounces, as compared with 69,460 fine ounces for August, 1937, and 67,040 fine ounces for September, 1936.

SILVER MARKET

A quietly steady tone has been maintained during the past week, during which the cash quotation varied only between 19½d. and 19½d., whilst that for two months remained unchanged at 19½d.

Sales were made on Continental and also on China account, and the Indian Bazaars and speculators both bought and sold.

In the absence of buying for shipment to India and with prices ruling slightly too high to attract American buying, silver for prompt delivery has not been in demand, and as a result prices were quoted level on three days of the week.

The figures given below show a large import of £3,078,000 in silver coin from Hongkong, and this is the first shipment to arrive of the Chinese Government-owned silver which is being sent to London for safe custody.

Quotations for gold and silver are shown below:—

1937	Price of Gold per Fine Ounce	Equivalent Value of £ sterling	Price of Bar Silver in London per ounce standard		Price of Silver New York per ounce .999 fine
			Cash	Two Months	
Oct. 28	s. d.	s. d.	d.	d.	1937 Cents
" 29	140 7	12 1-03	19½	19½	Oct. 27
" 30	140 6½	12 1-07	19½	19½	Nov. 2
Nov. 1	140 4½	12 1-25	19½	19½	inclusive
" 2	140 5½	12 1-16	19½	19½	
" 3	140 6½	12 1-07	19½	19½	
" 4	140 7	12 1-03	19½	19½	
Average	140 6-17	12 1-10	19-906	19-875	
Nov. 4	140 6½	12 1-07	19½	19½	

The highest rate of exchange on New York recorded during the period from October 28th to November 3rd was \$4-96½ and the lowest \$4-95½.

Statistics for the month of October, 1937:—

	Bar silver per oz. std.		Bar Gold per oz. fine
	Cash delivery	Two months' delivery	
Highest price	20 ½d.	19 ½d.	140s. 8d.
Lowest price	19 ½d.	19 ½d.	140s. 4d.
Average	19-9423d.	19-8654d.	140s. 6-25d.

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OTHER STATISTICS

DIVIDEND ANNOUNCEMENTS

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

Name of Company	* Interim or † Final	Date of Payment	Comparison with Last Year	Total Latest Year	Previous Year
RAILWAYS					
Bombay Baroda Railway	3½%	Jan. 1	Same	%	%
BANKS					
English, Scottish and Australian Bank	3½%	Nov. 24	121½%	7	15
Royal Bank of Scotland	17½	Dec. 25	Same	17	17
INSURANCE					
Cattle Traders' Insurance	6%	Nov. 30	Same	20	20
Licences and General Insurance	4½%	Nov. 30	Same	...	...
Pioneer Life Assurance	25%	Jan. 1	Same	...	...
TEA AND RUBBER					
Bandar Sumatra Rubber	12½%	Nov. 28	Same	5	Nil
Buretea	4%	Dec. 1	Same	...	...
Cheras Rubber	3%	Dec. 1	Nil*	...	...
Demodera Tea	2½%	...	Nil*	...	...
Dindings Rubber	(a) 3%	...	Nil*	...	...
Emerald Rubber	7½%	...	Nil*	...	...
Gan Kee Rubber	2½%	Nov. 24	Nil*	10	4
Kuala Muda Rubber	4%	Nov. 19	Nil*	...	...
Lunuvu (Ceylon) Tea	21%	...	...	...	...
Panawatte Tea and Rubber	...	...	...	...	...
Rolla Tea	...	...	...	...	...
Sagga Rubber	...	...	...	...	...
Scottish Tea and Lands	...	...	...	...	...
Sungei Purun Rubber	4%	...	Nil*	12	10
Tambora Rubber	...	Nov. 26	...	7-291	2½
MINING					
North Broken Hill	25%	Dec. 8	20%	...	...
OTHER COMPANIES					
Aberdeen Trust	11½%	...	11%	5	4
A. Boake Roberts and Company	5½%	...	Same	10	10
Adelaide Electric Supply	10%	Nov. 25	7½%	6	4
Australian Mercantile Land	(a) 10½%	...	Same	16	16
Banister, Walton and Company	2½%	Dec. 1	Same	...	...
Berford (S. and W.)	21%	...	Same	...	...
Bleekers Brewery Investment	...	...	...	...	...
Brampton Brewery	...	...	...	...	...
British and Continental Plantations Trust	(a) 21½%	...	Same	7½	3½
British Electric Traction (Def Ord)	(a) 7%	Nov. 24	Same	...	...
British Oxygen Co.	5%	...	Same	...	...
Brooke Bond and Co.	12½%	...	Same	...	...
Buroco	44 cents	Jan. 10	Nil	20	...
Canadian Car, etc., (Common)	...	Nov. 19	...	5½	4½
Cedar Investment	3%	...	First	...	...
Central Lene Sial	(a) 20%	...	12½%	...	...
Charrington and Company	(a) 5%	Nov. 20	Same	...	...
Churchill Machine Tool	2%	...	Same	...	...
Compton (I.), Sons and Webb	5½%	...	Same	...	...
Dutton's Blackburn Brewery	3½%	...	Same	...	...
East Surrey Water "A" Ord.	...	...	...	...	...
Do. "B" Ord.	...	...	...	...	...
Elswick-Hopper Cycle	...	...	...	15	13
Enfield Cycle	4%	Nov. 26	5½%	8½	7½
Eno Proprietaries	(a) 5%	Nov. 24	Same	...	...
Forward Trust	1%	Oct. 29	Same	20	20
Foster Clark, Ltd.	2%	Dec. 1	Same	...	...
Fuller, Smith and Turner	5%	...	Same	...	...
Ga Consolidation (B. ord.)	\$1-50ps	...	Same	\$3-75	\$4-50
General Motors (U.S.A.)	...	...	Same	...	...
Glenfield and Kennedy	...	...	Same	...	...
Goodcorpe (William) and Sons	11½%	Dec. 1	Same	5	Nil
Grand Junction Co.	2½%	Nov. 30	Same	...	...
Hancock (Wm.) and Co. (Def'd)	(a) 4½%	...	4%	...	...
Hants and Dorset Motor	61%	Nov. 18	...	...	...
Horlicks	75c. p.s.	Nov. 9	40 cents p.s.	\$2-25 ps	\$1-30 ps
International Nickel	5%	...	Same	...	...
Johnson and Phillips	...	...	Same	...	...
Joshua Hoyle	(a) 3½%	Nov. 18	Same	2½	Nil
Kalkorlie Electric Power	7½%	Nov. 22	Same	10½	10½
Kewland and Court	(a) 7%	Dec. 1	Same	...	...
Lake View Investment Trust	(c) 5½%	Nov. 15	Same	...	...
Lancashire Safety Glass	...	...	Same	...	...
London Brick	...	...	Same	...	...
London County Freehold, etc., Properties	2%	...	Same	...	...
Lvons (I.) and Co.	81%	Dec. 1	Same	...	22½
Meters, Ltd.	2½%	...	Same	...	...
Metropolitan Housing	3%	Nov. 19	Same	...	...
Metropolitan Industrial Dwellings	13½%	...	15½%	...	...
Newnes (George)	5%	Nov. 25	Same	...	...
Nitrate Producers' Steamship	15%	...	12½%	...	...
Operators' Trust	12½%	Nov. 17	...	6	4
Osborn (Samuel and Company)	5%	...	Same	15	12½
Parkland Manufacturing	10½%	Nov. 10	...	3½	3½
Rochdale and Manor Brewery	2%	...	Nil	15	Nil
Rubber Regeneration Company	3½%	Dec. 1	21½%	...	...
Scottish Tea and Rubber Trust	12½%	...	...	5	30
Second Industrial Trust	10½%	...	Same	14	14
Strand Hotel (Pte. Pref. Ord.)	(a) 2½%	...	Same	...	...
Telephone Manufacturing	(a) 5½%	...	...	(a) 8½	7½
Tinsley Park Colliery	(a) 11½%	...	...	16	14
Town Investments	(a) 10½%	...	17½%	30	25
Trinidad Leaseholds	13½%	...	12½%	...	...
Warners Radio, etc.	7½%	Nov. 26	...	10	8
Wath Main Colliery	12%	Dec. 3	11½%	5	5
Weardale Lead	...	...	...	...	...
Wilson Smith and Sutcliffe	...	...	...	...	...
Yorkshire Amalgamated Collieries	...	...	...	...	...

* Free of income tax. (a) Paid on larger capital. (c) Third interim dividend making total to date 15 per cent.

ARGENTINE GREAT WESTERN RAILWAY.—The company is paying a half-year's interest on the 5 per cent. debenture stock, which will bring payment up to April 1, 1934.

AUSTRALIAN MERCANTILE LAND AND FINANCE.—Ordinary dividend 5 per cent., also bonus of 1 per cent., against 4 per cent. without bonus.

BRITISH INDUSTRIES FIXED TRUSTS—THIRD PORTFOLIO.—Income distribution 5½d., tax free, against 5d., tax free, a year ago.

MISCELLANEOUS

BRITISH OXYGEN COMPANY.—Interim ordinary dividend again 7 per cent., but payable on larger capital. In making this declaration, the directors desire to state that the results for the year to date are again a record and would justify them in increasing the interim distribution, but they have decided to hold over the question of increased distribution or capital bonus until the final results for the year are available.

CHRYSLER CORPORATION.—A dividend of \$3 is announced, making a total of \$12 (the amount for the whole of 1936). For the first nine months the total was \$40,424,000 (\$9-29 per share), against \$41,975,000 (\$9-63 per share in 1936).

CHURCHILL MACHINE TOOL.—Interim ordinary dividend 20, against 12 per cent., payable on a capital of £197,820, compared with £65,040.

ENFIELD CYCLE.—Ordinary dividend raised from 7½ to 8½ per cent.

ENO PROPRIETARIES.—Interim ordinary dividend 4, against 5 per cent.

GENERAL MOTORS.—Quarterly dividend of \$1-50 per common share, the same as for December quarter last year. The total distribution for 1937 is \$3-75, compared with \$4-50 for 1936.

GILLETTE SAFETY RAZOR.—For the third quarter net profit was \$1,339,000 (48 cents per share), compared with \$1,187,000 (40 cents) for the third quarter of last year.

INTERNATIONAL NICKEL.—Dividend 75c. for fourth quarter, including an extra of 25c. A year ago the dividend was 40c. Total distribution for 1937 is \$2-25. Last year's total was \$1-30.

JOSHUA HOYLE, LTD.—Trading profits year to September 30, 1937, £164,541, against £73,855. Ordinary dividend 2½ per cent., the first since 1929.

LONDON COUNTY FREEHOLD AND LEASEHOLD PROPERTIES.—Second interim dividend 2 per cent. on ordinary stock. The comparable revenue balance for half-year to September 30, 1937, exceeds the figure for corresponding half-year.

NATIONAL FIXED TRUST.—Eleventh income distribution upon unit "A," for period April 16th to October 15th, will be paid at rate of 9-45275d. net per sub-unit. For same period last year, payment was at rate of 9-45275d. net per sub-unit.

SMETHWICK DROP FORGINGS.—Interim ordinary dividend raised from 8 to 12½ per cent.

TRINIDAD LEASEHOLDS, LTD.—Final ordinary dividend 20 per cent., making a record payment of 30 per cent. for the year to June 30, 1937, paid on £327,890 more capital. This compares with a final dividend of 17½ per cent., making 25 per cent. for year.

UNION CINEMAS, LTD.—First accounts for period ended March 31, 1937, will be issued to shareholders shortly, with interim accounts (including a consolidated balance sheet) as at September 30, 1937. At a meeting of the new board it was decided that the quarterly dividend on the preference shares due on December 31 will not be paid.

YORKSHIRE AMALGAMATED COLLIERIES.—Tax free, interim ordinary dividend 2, against 1½ per cent.

TRUST OF RUBBER AND TIN SHARES.—An initial distribution of 1d. net per unit for the period June 24, 1937, to October 4, 1937, is payable on November 15th.

ROYAL BANK OF SCOTLAND.—Dividend maintained at 17 per cent. per annum making 16, against 14 per cent.

TOWN INVESTMENTS.—Final dividend 9 per cent. cash and 2 per cent. scrip, making 16, against 14 per cent.

J. LYONS AND COMPANY.—Interim unchanged at 8½ per cent.

ENGLISH, SCOTTISH AND AUSTRALIAN BANK.—Final 3½ per cent., making 7 per cent., less tax, against 5 per cent., tax free.

SHORTER COMPANY COMMENTS

COMPANY RESULTS OF THE WEEK.—This week the heavy industries are represented by only one company, SAMUEL OSBORN AND COMPANY, the Sheffield steel makers. Improving conditions are reflected in a rise from £39,764 to £60,153 in net profits. Owing to the reflected in a rise from £39,764 to £60,153 in net profits. Owing to the heavy debit balance brought in, PARNALL AIRCRAFT are still unable to pay a dividend, although a satisfactory profit of £26,782 compares with a loss of £48,848. The balance sheet includes a suspense account of £20,000 in respect of an interim payment by the Air Ministry for patents assigned. VIKING TANKER have issued the first accounts covering a full year since formation as a public company. Net profits are £125,533, against £2,634 for the initial 25-week period, but owing to an accounting change, this sum includes roughly £10,000, which is properly attributable to the previous period. The paint manufacturers LEWIS BERGER AND SONS have increased their profit by £10,000 to £157,057. In view of exchange and labour difficulties in France, a special reserve is set up by the provision of £50,000. The 16 per cent dividend is unchanged, but in the previous year surplus profits were added to the carry-forward. The first accounts issued by DICTOGRAPH TELEPHONES as a public company show net profits (before £12,755 provision for taxation) of £27,059, which exceeds the comparable figure of £25,012 indicated in the offer for sale. MARLEY TILE (HOLDING) COMPANY, who report the satisfactory maintenance of sales but increasing costs, have earned slightly lower profits of £75,375. Earnings for the ordinary shares are unchanged at 15½ per cent., though the dividend is increased by 1 per cent. to 8½ per cent., and reserve provision reduced from £30,000 to £25,000. PRICES TRUST has paid a 45 per cent. dividend, against 30 per cent., owing mainly to a substantial increase (from £446,470 to £521,788) in the trading profits of PRICES, TAILORS, LTD. Apart from paying £192,000, against £162,000, in dividend to the Trust, depreciation provision is £11,500 higher, and £10,000 is placed to a special reserve. Higher costs of cloth have been met by increased sales. A number of investment trust reports have recently been published, showing for the most part satisfactory improvement. SCOTTISH NATIONAL, SECOND SCOTTISH INVESTMENT, and SOUTHERN STOCK-HOLDERS have, for instance, raised their dividends besides setting aside substantial sums to reserves or writing down investments. Two of the larger rubber companies issuing reports this week, LEDANG BAHRU and TANJONG MALIM, show that latest profits are more than double those for 1935-36. In each case higher dividends are payable.

APPOINTMENTS AND PERSONAL

Mr Arthur Bevington Gillett has been elected a vice-chairman of the board of Barclays Bank (Dominion, Colonial and Overseas).

Mr W. P. W. Ker has been appointed a director of the Alliance Assurance Company.

Sir Herbert Walker, K.C.B., and Mr. Charles F. Whigham have joined the board of the United Steel Companies, Ltd.

The Right Hon. Viscount Runciman has joined the board of David MacBrayne, Ltd., and MacBrayne's Trust, Ltd.

Mr Duncan A. Stirling has been appointed deputy chairman of The British Overseas Bank in succession to the Right Hon. Lord Aberconway.

Mr A. Levine has been elected a member of the council of foreign bond-holders in place of the late Sir Arthur Worley.

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

THE steadier tendency of commodity prices was short-lived, for during the past week quotations for many important primary products were again marked down sharply. Nor are there any indications of a resumption of forward buying on a large scale in the near future.

Copper, lead, spelter and tin all declined in price during the past week in the absence of an improvement in demand. Domestic sales of copper in the United States, for example, declined from 28,935 short tons in September to 22,889 tons in October. The unexpected decline in "visible supplies" of tin during the past month failed to stem the downward trend of prices. Rubber quotations failed to recover in view of the reduction of output by American tyre manufacturers.

The majority of textile raw materials are lower on the week. Cotton was marked down in anticipation of a further increase in the official estimate of America's crop to be issued on Monday. Wool prices were barely steady, and quotations for flax and jute were lower. The market in linseed and linseed oil was easier on the increase in the Argentine Government's estimate of the area sown this year.

The market in tea was irregular, and wheat prices were reduced on heavier Russian shipments, North American

selling pressure and an increase in the official estimate of the area sown to the "golden grain" in Argentina. Meat prices were steady, but bacon was cheaper. Butter prices continued influences.

Quotations for primary products in the United States also registered a sharp decline. Moody's index of the prices of staple commodities (December 31, 1931 = 100) fell from 160.2 to 156.9 during the week ended last Wednesday. A month ago the index stood at 185.8 and a year earlier at 181.3.

COAL

SHEFFIELD.—On the export market inquiries for new business are scarce, but contracts are responsible for a fair tonnage of coal being dealt with. There is still no improvement in bunker coal business, and orders coal is increasing and enquiries for gas coal are good. The call for household steam coal is insistent. Coke requirements are being met with difficulty, and blast-furnace qualities are all taken up under contract. Small coal that there will be a rise in prices before the end of the winter.

NEWCASTLE-ON-TYNE.—The North-East screened steam coal market remains weak; coastwise shipments are less than a year ago. Fortunately, there are two substantial inquiries for delivery over the early part of next year: one from the Norwegian Railways for 100,000 tons

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Deben-ture Interest	Amount Available for Distribution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Depreciation, etc.	Balance Forward	Net Profit	Dividend
					Prefce.	Ordinary	Rate				
					Amount	Amount	Rate				
Banks											
British and Continental...	Sept. 30	£ 2,642	£ 16,126	£ 18,768	...	£ 5,000	5½	£ 10,000	£ 3,768	£ 12,157	%
Breweries & Distilleries											
Longmore (William) and Co.	Sept. 30	6,872	10,841	17,713	...	7,875	30(b)	984	8,854	6,244	4½
Rochdale and Manor...	Sept. 30	13,270	5,326	18,596	2,520	2,756	3½	...	13,320	5,275	17½
Financial, Land, etc.											
British and Continental Plantations Trust	Sept. 30	985	6,245	7,230	...	2,498	7½	3,000	1,732	2,479	3½
Marley Tile (Holding)...	July 31	1,403	75,375	76,778	16,967	31,875	8½	25,000	2,936	76,715	7½
Metropolitan Indus.Dwellg.	Sept. 29	27,488	23,253	50,741	3,000	12,000	6½	8,000	27,741	25,770	8½
Prices Trust Company	Sept. 30	3,193	192,119	195,312	20,797	168,750	45	...	5,765	161,918	30
Iron, Coal and Steel											
Osborn (Samuel) and Co. ...	July 31	36,456	60,153	96,609	7,183	33,087	15	15,000	41,339	39,764	12½
Motor, Cycle and Aviation											
Parnall Aircraft	July 31	Dr. 48,848	26,782	Dr. 22,066	...	...	...	...	Dr. 22,066	Dr. 48,848	Nil
Rubber											
Bandar Sumatra	July 31	530	8,908	9,438	...	4,992	5	3,500	946	202	Nil
Bukit Lintang	June 30	10,041	7,281	17,322	...	5,525	15	2,420	10,377	2,007	5
Galang Besar	June 30	6,377	1,174	7,551	2,600	...	...	...	4,951	691	Nil
Ledang Bahr	July 31	4,055	35,509	39,564	...	23,250	7½	10,000	6,314	17,967	4½
Monerakelle	June 30	658	2,117	2,775	...	1,250	2½	1,000	525	668	Nil
Tanjong Malim	June 30	13,555	37,241	50,796	...	25,000	5½	20,000	5,796	17,901	3½
Tenasserim Plantations	July 31	5,179	18,660	23,839	...	13,264	6	...	5,575	6,558	2½
Shops and Stores											
Prices, Tailors, Ltd.	June 30	157,436	480,288	637,724	41,594	192,000	109.14	177,715	226,415	399,970	92.57
Tea											
Associated Tea of Ceylon...	June 30	150	8,618	8,768	3,600	1,500	3	3,401	267	Dr. 2,484	Nil
Kintyre	June 30	355	12,013	12,368	1,000	7,182	15	2,000	2,186	6,452	10
Rollo Tea Estates of Ceylon	June 30	245	8,794	9,039	2,200	4,745	6	1,750	344	8,150	5
Telegraphs, etc.											
Dictograph Telephones	Aug. 31	...	27,059	27,059	...	11,250	7½	12,755	3,054	(a)	(a)
Textile											
British Celanese	July 3	302,325	658,220	960,545	253,867	...	...	411,142	295,536	735,650	Nil
Trusts											
Aberdeen Trust	Sept. 30	5,215	15,043	20,258	7,166	5,308	5	...	7,784	13,076	4
Clydesdale Investment	Sept. 30	42,911	51,521	94,432	20,475	18,200	6	10,000	45,757	47,250	5
London and Colonial Investment	Sept. 30	14,033	17,799	31,832	5,536	8,004	5½	3,240	15,052	17,717	5½
London Maritime Investment	Sept. 30	8,916	37,093	46,009	18,906	15,000	4	...	12,103	34,245	4
Phoenix Investment Trust	Sept. 30	12,964	15,096	28,060	10,399	3,750	2	...	13,911	12,890	2
Scottish National	Sept. 30	26,734	51,030	77,764	22,750	15,167	5	10,000	29,847	42,196	3½
Second Scottish Investment	Oct. 5	12,155	120,019	132,174	73,772	15,881	7	30,000	12,521	104,024	5
Second Scottish Mortgage	Sept. 30	9,999	36,032	46,031	15,014	11,724	5½	11,944	7,349	29,947	5
Second Scottish National	Sept. 30	23,697	35,227	58,924	17,110	9,125	4	7,500	25,189	26,957	2
Securities Trust of Scotland	Sept. 30	20,237	31,474	51,711	13,272	12,373	7	...	26,068	25,782	6
Southern Stockholders' In.	Sept. 30	8,399	56,551	64,950	...	40,000	4	14,500	10,450	41,143	3
Third Caledonian Trust	Sept. 30	8,611	18,717	27,328	11,375	3,033	2	...	12,920	16,974	2
Other Companies											
Birrell, Ltd.	July 17	17,605	14,913	32,518	18,528	...	...	...	13,990	27,108	Nil
Delaney (John)	July 31	2,387	7,898	10,285	...	7,309	7½	...	2,976	6,276	4
Derby and Midland Mills	June 30	4,743	18,446	23,189	6,000	11,250	15	...	5,939	10,311	Nil
Electric and Musical Indts.	Sept. 30	201,872	313,964	515,836	20,786	217,716	10	...	277,334	246,789	10
Foster Clark, Ltd.	Sept. 15	64,319	83,822	148,141	7,500	70,000	20	6,000	64,641	(h) 92,540	20
Imperial Airways	Mar. 31	59,618	172,222	231,840	...	42,126	9	125,000	64,714	152,935	8
Lewis Berger and Sons	July 31	144,133	157,057	301,190	28,000	84,364	16	50,000	138,826	147,127	16
Viking Tanker Co.	July 31	300	125,533	125,833	8,436	25,607	10	75,000	16,790	(a)	(a)

† Free of Income Tax. (b) Also a special distribution at the rate of 2s. 8-65d. per share, absorbing £4,762, being profit on sale of investments. (a) No comparable figure. (h) 51 weeks.

and another from the Swedish for about 300,000 tons, of which no doubt a good share will come to this district. In other respects the market is very steady. Durham manufacturing coal is in good demand, and gas collieries are now experiencing their seasonal activity. The coke market displays no weakness despite the fact there is so little enquiry from abroad, but on the other hand home trade is just as active.

GLASGOW.—Conditions in the Scottish coal trade generally have undergone little change. The market trend remains easy, particularly as regard prompt or early orders, for which fairly sharp concessions have been made in various directions. The mild weather, both at home and on the Continent, is apparently a main contributing factor for the present dullness. Consumers' stocks remain heavy, and are not being reduced at the rate usually experienced at this season of the year. The slowing-down of foreign enquiry is particularly disappointing, although it remains to be seen whether or not this will prove to be a temporary phase. In the meantime, the majority of the collieries are working steadily on contracts booked some time ago, but practically all classes are now quoted on easier terms for prompt business.

CARDIFF.—Comparatively quiet conditions continue on the Cardiff coal market. The collieries are fairly regularly employed under their contract commitments, but they are feeling the dearth of new orders and stocks of large coals are accumulating, although they have not yet reached anything like last year's dimensions. The approved prices are governed by day-to-day conditions, and while for some of the large classes quotations are slightly easier, those for smalls, and particularly for washed and sized steam and dry grades, are very firm. The volume of trade is being well maintained. Shipments in the foreign and coastwise trades at the South Wales ports last week totalled 440,600 tons, compared with 442,000 tons the previous week and 332,033 tons in the corresponding period last year. The increase of shipments over 1936 for the ten months ended October amounts to nearly 3½ million tons.

IRON AND STEEL

LONDON.—The weekly report of the London Iron and Steel Exchange indicates that activity in the iron and steel industry remains at a high level and that producers are taking advantage of the lull in new business to reduce the heavy accumulation of orders on their books. It is evident, however, that most of the steelworks will carry over the end of the year a very large tonnage of work for delivery in 1938. Consumers of pig iron are more comfortably situated than for a long time, although there is still a scarcity of certain brands and after existing contracts have been satisfied there is not a large surplus for new sales. The steelmakers are receiving sufficient hematite and basic iron to fill their current needs and appear to be less nervous regarding the future. Foreign iron is offered at comparatively cheap rates; but without attracting much business. Although tight conditions continue to rule in the semi-finished steel department, supplies are showing a tendency to expand. Increased imports are expected over the next few months, whilst production is being pressed to the utmost at the British works.

The demand for practically all descriptions of finished steel material is unrelaxed and although the makers are not anxious to add to their commitments a certain amount of business has been accepted for delivery over the first half of next year. Export business remains quiet but the British works have considerable tonnages to deliver against existing contracts.

SHEFFIELD.—Conditions in the iron and steel market continue very active, and are likely to remain so until the end of the year at least. Consumers of pig iron view the outlook with less anxiety, for although there is not much forge or foundry iron on offer, they are able to pick up occasional small parcels for early delivery. Some makers are accepting contracts over the first quarter of next year. The scarcity of basic pig is pronounced. Hematites are coming forward rather more freely, but special qualities are in very short supply. Although the Producers' Association have increased the quota for the loyalty rebate scheme which came into operation at the same time. The easing of the stringency in forge iron is placing makers of finished iron in a better position as regards the supplies, with the result that they are able to make better deliveries. The mills are operating at capacity, the demand for common and marked bars being very heavy. In spite of constantly expanding production it is impossible to keep up with the call for basic and acid steel billets. Fair quantities of imported billets are coming to hand, but they make no great impression in meeting requirements. Difficulty is still being experienced in securing full supplies of structural steel. Prices throughout the market are very firm. The recent rise in the price of high-speed steel scrap has brought out sellers, and the price has eased to about £100 per ton delivered, while turnings of this material are obtainable at around £40 per ton. Better supplies of iron scrap are becoming available, but prices are well maintained.

MIDDLESBROUGH.—Total shipments of pig iron, manufactured iron and steel from the Tees during October amounted to 45,793 tons, an increase of about 2,600 tons over the previous month. Shipments of pig iron during the month amounted to 6,548 tons, of which 1,000 tons was shipped to Scotland, 712 tons to other coastal ports, and the remaining 4,836 tons to foreign destinations, the largest receiver being Belgium, with 2,070 tons. Shipments of manufactured steel totalled 37,124 tons, of which 17,490 tons went coastwise, the remainder being for foreign destinations. The quantities forwarded to China and Japan were negligible. Recently a cargo of 5,000 tons of pig iron has arrived in the Tees from the United States for consumption in the local steelworks. Together with several smaller parcels from the Continent, these imports have eased the position for consumers in this area. East Coast hematite continues in full production and makers are able to keep home users well supplied in addition to releasing odd lots for shipment overseas.

No announcement has yet been made regarding alterations in prices of pig iron and steel, and this, to some extent is holding up forward business. It is understood that the rebate system to loyal consumers is being introduced for foundry pig iron, and will bring this quality into line with hematite and basic in this respect. Home demand for semi-finished and finished steel continues unabated with producers doing their utmost to fulfil existing contracts.

Good Durham blast furnace coke is firm at not less than 42s. per ton delivered at the furnaces. Business in foreign ore, apart from the existing contracts, is only for odd lots, the price being easier on account of freight reductions, at which fixtures have been arranged recently, Bilbao/Middlesbrough having been done at 12s., and Mediterranean rates tending downward. There is a steady demand for heavy steel scrap at official prices.

GLASGOW.—Supplies of raw materials are somewhat easier in the West of Scotland and it seems probable that before the end of the year it will be possible to increase production in several directions. Supplies of iron ore and of scrap should be greater and deliveries more regular and sheet makers and other re-rollers anticipate that deliveries of semis from the Continent will increase. Every branch of the industry here is busy, and requirements are such that makers find it impossible to accumulate stocks. There is a steady flow of new business, and the demand from manufacturers in this district is at the moment particularly heavy.

CARDIFF.—Work in the South Wales iron and steel industries continues active. The production of tinplates is being maintained at about 80 per cent. of allotted capacity. The minimum price remains unchanged at 22s. 6d., but merchants are able to obtain for current deliveries prices ruling between 24s. and 24s. 6d. per basis box. Exports of tinplates at Swansea last week totalled 7,704 tons, compared with 7,094 tons the previous week, and 6,208 tons in the corresponding week last year. Stocks in warehouses and vans have slightly increased, and at the end of last week they totalled 6,251 tons, compared with 9,381 tons a year ago. The operations of the International Cartel are to be reviewed at a meeting to be held in Paris at the end of the month. The blast and steel furnaces are still very active, and quotations for pig iron, steel ingots and bars are unchanged.

OTHER METALS

COPPER.—Copper prices continued their downward movement and the standard cash price closed on Wednesday at £41 5s. per ton, a loss of £1 3s. 9d. on the week and the lowest level for the current year. The reason for the new setback was mainly the apathy of consumers, who fear that the recent decline in the United States' copper consumption will be followed also by a setback in absorption on this side of the Atlantic. Offerings on the London Metal Exchange were not very large this week, but in view of the present lack of buying interest, the market is very vulnerable. In the United States demand continues at a very low ebb and further reductions in the domestic quotation are believed likely. The Northern Rhodesian September copper output, according to the British South Africa Company, showed a decline of 5,114 tons to 14,071 tons—the lowest monthly figure for the current year. This new reduction seems to confirm the view that some of the leading producers are already restricting their output voluntarily although general restriction will not come into force until December 1st.

Sales on the London Metal Exchange: 1,300 tons on Monday, against 2,650 tons last week; 1,900 tons on Tuesday, against 1,050 tons last week; 950 tons on Wednesday, against 1,150 tons last week. Domestic spot was quoted at 10-37½ cents per lb. in New York on Wednesday, against 10-57½ cents a week ago and 11-65 cents a month ago. Wednesday's official closing price for standard cash in London was £41 5s. to £41 7s. 6d. per ton, compared with £42 8s. 9d. to £42 11s. 3d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 7,786 tons, showed a decrease of 1,335 tons, while stocks of rough copper, at 17,368, were 800 tons larger.

LEAD AND SPELTER.—Both markets followed the general downward trend. Lead lost 13s. 9d. on the week, closing at £17 2s. 6d., while spelter declined by 10s. to £16 6s. 3d. On both markets this week's closing quotations constitute the lowest official levels for the current year. The basic position of the lead and spelter markets has not, however, changed during the week. The statistical position continues to be comparatively sound, but in the absence of new buying the chances of recovery are limited. There have been reports this week of the closing down of two Tunisian lead mines owing to the decline in prices. These are the first reports of this kind and indicate that high cost mines, which re-opened early this year when prices were high, are now faced with losses.

Sales of lead on the London Metal Exchange: 700 tons on Monday, against 1,700 tons last week; 550 tons on Tuesday, against 550 tons last week; 850 tons on Wednesday, against 350 tons last week. The New York quotation on Wednesday was 5-25 cents per lb., against 5-50 cents a week ago and 6-00 cents a month ago. Wednesday's official closing quotation in London for soft foreign for shipment during the current month was £17 2s. 6d. to £17 3s. 9d. per ton, compared with £17 16s. 3d. to £17 17s. 6d. last week.

Sales of spelter on the London Metal Exchange: 550 tons on Monday, against 2,900 tons last week; 950 tons on Tuesday, against 1,100 tons last week; 750 tons on Wednesday, against 825 tons last week. Wednesday's quotation in East St. Louis was 5-75 cents per lb., against 5-75 cents the week before and 6-25 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £16 6s. 3d. to £16 7s. 6d. per ton against £16 16s. 3d. to £16 17s. 6d. last week.

TIN.—Tin has again shown the heaviest fall of all four metals on the London Metal Exchange. Both the cash and forward prices declined by £9, bringing the quotations in the official dealings on Wednesday down to £199 10s., the lowest level for 1937. This decline in tin must be regarded as particularly remarkable, as the October statistics, published on Monday, were surprisingly bullish. Instead of the expected increase in stocks of 2,500 to 3,000 tons, they showed, according to Messrs. A. Strauss and Company, Ltd., a decline of 79 tons on September 30th, thus bringing the

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total visible supply down to 20,843 tons. The decline was due to the fact that new supplies, at 12,356 tons (i.e. 1,134 tons more than in the previous month), were well below market expectations, while deliveries, at 12,362 tons (or 552 tons less than in September), were much higher than the market had dared to hope. It is now feared, however, that there will be a heavy reduction in new purchases and a substantial increase in new supplies this month, a fact which resulted in a serious depression on the tin market. This bearish interpretation of the excellent October tin statistics is a striking example for the present pessimistic sentiment of the Metal Exchange.

Sales of tin on the London Metal Exchange: 200 tons on Monday, against 725 tons last week; 350 tons on Tuesday, against 325 tons last week; 225 tons on Wednesday, against 240 tons last week. The New York quotation on Wednesday was 45.25 cents per lb., against 47.62½ cents a week ago and 54.37½ cents a month ago. Wednesday's official closing quotation in London for standard cash was £199 10s. to £200 per ton, compared with £206 to £206 10s. a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 2,264 tons, a decrease of 24 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted on Wednesday at £100 per ton, and rolling billets at £102 per ton. Nickel, for home and export, was maintained at £180 to £185 per ton. Quicksilver, on the spot, was £13 to £13 0s. 6d. per flask of 76 lbs., as against £13 3s. to £13 3s. 6d. last week. Chinese antimony was quoted at £82 to £83 per ton, ex warehouse, the same as last week. Chinese wolfram for "November-December" shipment was quoted at 95s. to 100s. per unit, c.i.f., as against 105s. to 110s. for "October-November" last week. Refined platinum was quoted on Wednesday at £9 10s. per ounce, compared with £9 10s. a week earlier.

TEXTILES

COTTON.—Manchester.—A featureless week has been experienced in trading circles. There has been a slight sagging tendency in prices for raw cotton. Spinners and manufacturers have met with a fair amount of inquiry, but business has not been of any importance. No particular development has shown itself in the raw cotton markets. On Monday next the Washington Government will publish a further estimate of the crop, and it is generally believed that the figure will be a record at about 18,000,000 bales. It remains to be seen what will be done by Congress at the special session on November 15th. There are signs, however, that the officials at Washington are somewhat undecided as to what policy should be adopted to maintain prices. It is understood, however, that the area under cultivation for next season will be about 28,000,000 acres, against 34,000,000 acres for the current season.

Yarn sales have been disappointing, the business done being less than the output of the machinery. The price agreements relating to medium American wefts and medium ring beams have been placed on a legal basis. It is significant, however, that the price for medium ring yarns has been reduced by ½d. per lb. This decision has caused much comment in the market. More complaints have been met with from spinners of fine Egyptian counts.

Although buying in the cloth market has not been at a standstill, very few manufacturers have had a satisfactory week, the sales being less than the production. A slightly improved demand has been experienced for India and some producers of light bleachers, prints and fancies have sold rather more freely, chiefly for Calcutta. The competitive position in the bazaars does not favour extensive purchases of Lancashire goods. Poplins and satens have moved off fairly well for South America, especially Argentina. Dress materials have attracted attention for the Dominions and the home trade. Taking the weaving section as a whole, there is a tendency at the moment for ground to be lost.

COTTON PRICES

	1937				Corresponding Date	
	Oct. 13	Oct. 20	Oct. 27	Nov. 2	1935	1936
Raw Cotton—Mid. American per lb.	4.77	4.89	4.76	4.63	6.41	6.90
" Sakellaridis Fully Good Fair per lb.	8.65	8.52	8.18	8.44	9.35	11.37
" Egyptian per lb.	7.62	7.54	7.29	7.69	10.1	11.1
" Giza Fully Good Fair Egyptian per lb.	12	11½	11½	11½	10½	11½
Yarns—32's twist per lb.	10½	10½	10½	10½	10½	11½
" 40's twist per lb.	17½	17½	17½	17½	16½	17
" 60's twist (Egyptian) per lb.						
32-in. Printers, 116 yds., 16 by 18, 32's and 50's s. d.	19 0	19 0	18 10	18 10	17 7½	17 7½
36-in. Shirtings, 75 yds., 19 by 18, 32's and 40's s. d.	25 6	25 6	25 6	25 6	24 9	26 0
38-in. ditto, 38 yds., 18 by 16, 10 lb. s. d.	10 9	10 9	10 9	10 9	10 4	10 4½
36-in. ditto, 37½ yds., 18 by 15, 8½ lb. s. d.	9 10	9 10	9 10	9 10	9 4	9 4½

COTTON SPINNING PROSPECTS.—Since the beginning of this year the cotton spinning trade in Lancashire has experienced a distinct improvement. There has been an active demand for all counts and qualities of yarn, and spinners have been able to advance their prices and secure a remunerative margin of profit. During the last few weeks, however, demand has fallen off, partly owing to cloth manufacturers booking fewer orders. The strength of spinners has been partly due to the price agreements in the different sections. During the past week some important developments have taken place. For many months the Committee of ring spinners producing medium counts have made determined efforts to place the "gentleman's agreement" on a legal basis, but the owners of a few mills have refused to come into the movement. A month ago the demand for ring yarns fell off and since then most of the business has gone to the outside firms. At the end of last week there was considerable surprise in market circles when it became known that the Committee had decided to reduce the price of all medium ring yarns by ½d. per lb. It was also stated that the new list would be placed on a legal basis, as the owners of 93 per cent. of the spindles concerned had signed the necessary documents. The decision to reduce prices, however, has had a rather unsettling effect on the Manchester Royal Exchange and buyers of yarn and piece-goods have been more cautious in placing orders with producers. It must be pointed out that even at the lower figures spinners have an encouraging margin of profit, but whereas a few months ago there was a scarcity of ring beams, supplies are now more plentiful.

JUTE.—Dundee.—The feature of the jute trade has been the placing by the Government of orders for large quantities of sand bags, running into millions, for delivery by the end of March. Practically all manufacturers are participating in the business and the market has assumed a much brighter outlook during the past few days. It is not known what the exact quantity purchased was, but there seems to be every likelihood that further

supplies will be required later next year to complete the Defence Programme. These orders will form a sound basis on which manufacturers can work during the next five months and should help considerably to steady a market which has shown signs of weakness for some time past. They will prevent further curtailment of production, which was becoming a serious problem in the Dundee area. A large business has been done in jute yarns and prices generally have advanced, most notably for hessian descriptions, 2s. 2d. to 2s. 4d. for 8 lb. spools. Business has been done in fair quantity at the higher rates, and spinners on the whole have sold for delivery well into next year.

Raw jute has ruled somewhat irregular, but the price of Daisee-2/3 has not yet gone far away from £20 for the full group and £20 10s. for good at £20 10s., November-December. Good First Marks are quoted at from £23 5s. and Lightnings are obtainable at £22 to £22 10s., while Hearts are offered at from £21 5s., November-December.

Common 8 lb. cops are now lowest at 2s. 3d. and 8 lb. spools 2s. 3d., while twist is very steady at 4d. lowest for 3 ply 8 lb., and sacking yarns are dearer at from 2 ½d. to 2½d. for 24 lb. web and 3 ½d. to 3½d. for 8 lb. chains. Rove continues to be sold at from £21 5s. for 48 lb. and £17 15s. to £18 quality 8 lb. warp, 2s. 8d. for third and 2s. 6d. for fourth. Carpet yarns are well sold ahead at from 3 ½d. for 14 lb. warp.

The cloth market has not improved in sympathy with yarns, but there is more inquiry and manufacturers are steadier in their prices. For 10 oz. difficulty in obtaining more than the recent rates of 2½d. and 2½d., respectively, which are most uneconomical in view of the advance in expected that the resumption of deliveries to firms in the United States, next year. Heavy goods remain quiet.

Calcutta goods continued to fluctuate slightly in price, and show little change since the last report.

GRAIN MARKETS

WHEAT.—After last week's improvement, prices have again eased in consequence of increased selling pressure and bearish Southern Hemisphere crop reports. The area sown to wheat in Argentina is now officially estimated at 19,266,000 acres, against 15,772,000 harvested last year. Nevertheless, Broomhall suggests that the area harvested is unlikely to exceed 17,000,000 acres and that the crop will probably be less than the break in the drought, but there appears to be no disposition to estimate the yield at more than 160 million bushels.

On Wednesday last, "December" futures were quoted in Chicago at 91½ cents per bushel, against 95½ cents the week before and 106½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba (Atlantic), ex ship, 56s. 9d. per 490 lbs., against 59s. 9d. last week; No. 2 Northern Manitoba (Atlantic), ex ship, 55s. 3d., against 57s. last week. According to the *Corn Trade News*, total shipments of wheat and flour last week amounted to 1,491,000 quarters, against 1,260,000 quarters in the previous week and 1,520,000 quarters in the corresponding week a year ago.

FLOUR.—Prices are slightly lower than a week ago. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 40s. per 280 lbs., as against 40s. 6d. a week ago; patents, ex store, 39s. to 40s. 6d., as against 39s. 6d. to 41s. a week ago. Australian, ex store, 32s. to 33s., as against 32s. 3d. to 33s. 3d. a week ago.

BARLEY.—The market is steady, price alterations being unimportant. "December" futures were quoted at 57½ cents per bushel in Winnipeg on Wednesday, as against 62½ cents last week. Quotations per 448 lbs. in London on Wednesday were: "English feed," at farm, not quoted; "English malting" (new), at farm, 50s. to 65s., as against 50s. to 65s. a week ago; Californian, ex ship, 51s. 6d. to 55s., as against 51s. 6d. to 55s. a week ago; Chilean, brewing, ex ship, 45s. to 48s., as against 45s. to 48s. a week ago.

OATS.—On Wednesday, "December" futures were quoted at 30½ cents per bushel in Chicago, against 29½ cents a week ago and 30½ cents last month. Quotations in London, Wednesday: "English Black" (new), at farm, 27s. to 27s. 6d., per 336 lbs., as against 27s. to 28s. last week; "English White" (new), at farm, 27s. to 27s. 6d., as against 27s. to 28s. a week ago; mixed Canadian feed (Vancouver), landed, 26s. 9d. per 320 lbs., as against 26s. 9d. a week ago.

MAIZE.—Last week's advance has been well maintained, and the market has a steady appearance. "December" futures were quoted on Wednesday at 58½ cents per bushel in Chicago, against 58½ cents a week ago, and 61½ cents last month. Quotations in London, Wednesday: "Plate," landed, 30s. 6d. per 480 lbs., as against 30s. 6d. a week ago; "Plate," ex ship, 29s. 6d., as against 29s. 6d. a week ago; "October," 29s. 9d., as against 29s. 6d. a week ago; yellow maize meal, ex wharf, was quoted at £7 15s. per ton, as against £7 15s. last week.

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

NEAREST FUTURE	Jan. 2, 1935	Dec. 31, 1935	Nov. 4, 1936	Dec. 30, 1936	Oct. 27, 1937	Nov. 2, 1937
Winnipeg (No. 1, Manitoba) —Cents per 60 lbs.	82½	84½	106½	129	124½	112½
Chicago (No. 2, Winter) —Cents per 60 lbs.	98½	101½	114½	135½	85½	91½

The visible supply of wheat in Canada amounts to 74,483,000 bushels, against 72,857,000 bushels last week and 86,548,000 bushels in the corresponding week last year.

SALES AND PRICES OF BRITISH CEREALS.—The following table gives the estimated sale of home-grown wheat during the harvest years 1934-35 to 1937-38.

	1934-35	1935-36	1936-37	1937-38
Estimated sales of home-grown wheat—				
1 week to October 30	Cwts. 368,019	Cwts. 453,933	Cwts. 435,655	Cwts. 404,865
9 weeks to October 30	4,383,990	4,292,733	3,431,708	3,557,639
Average price of English wheat per cwt.	s. d. 5 0	s. d. 6 1	s. d. 9 11	s. d. 9 2

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

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
	Cwts.	Cwts.	Cwts.	s. d.	s. d.	s. d.
October 28, 1933	275,027	493,148	48,977	4 9	9 8	5 6
October 27, 1934	368,019	428,997	46,273	5 0	9 2	6 7
November 2, 1935	453,933	521,894	51,147	6 1	9 0	6 2
October 31, 1936	435,655	503,604	70,101	8 11	9 11	6 11
October 23, 1937	418,188	714,323	71,747	9 3	12 10	8 8
October 30, 1937	404,865	676,297	70,240	9 2	12 10	8 6

OTHER FOODS

BACON.—Demand has been satisfactory and the tone of the market steady. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 91s.; Canadian, 83s.; Danish, 90s.; against 91s., 83s., and 90s., last week. Arrivals in London last week included: Danish, 14,689 bales; Canadian, 6,023; Dutch, 2,158; Lithuanian, 1,396; and Polish, 3,309; as against 14,513, 5,446, 3,042, 1,451 and 3,579 bales, respectively, in the previous week.

BUTTER.—The rise in prices, due to short supplies, has continued, the market being rather quiet at the higher level. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 152s.; Australian, choicest salted, 151s.; Danish, 159s. to 160s.; compared with 149s., 149s., and 150s., respectively, a week ago.

CHEESE.—Colonial makes were firm in consequence of a sustained demand. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English Cheddars, finest farmers, 92s. to 94s.; Canadian, finest coloured, 73s. to 74s.; and New Zealand, finest coloured, 73s. to 73s. 6d.; against 92s. to 94s., 71s. to 72s., and 70s. to 70s. 6d., respectively, a week ago.

COCOA.—The spot quotation in New York on Wednesday was 6 cents per lb., as against 6½ cents per lb. last week. In London, on Wednesday last, good fermented new crop, Accra, "December-February," was quoted at 27s. 6d. sellers per 50 kilos, c.i.f. Continent, against 27s. 3d. for "November-January" a week ago. Last week's movements of cocoa in London were as follows: Landed, 2,047 bags; delivered for home consumption, 5,681 bags; exported, 20,922 bags; stocks, 172,065 bags, against 126,834 bags a year ago.

COFFEE.—Following the announcement of a heavy reduction in the Brazilian export tax, prices in New York suffered a sharp decline and the market became nominal. On Wednesday, Rio No. 7 (cash) was not quoted in New York, as compared with 8½ cents per lb. last week and 9 cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, nil; delivered for home consumption, 149 cwt.; exports, 1,686 cwt., against 9,490 a year ago. Central and other South American: Landed, 127 cwt.; delivered, for home consumption, 2,138 cwt.; exported, 557 cwt.; stocks, 75,463 cwt., against 62,004 cwt. last week. Other kinds: Landed, 2,345 cwt.; delivered, for home consumption, 3,066 cwt.; exported, 496 cwt.; stocks, 68,052 cwt., against 97,596 last week.

EGGS.—A further seasonal rise in the price of certain selections occurred this week, despite a rather quiet demand. At Smithfield, on Wednesday, English (ordinary packing, Grade 1, about 15-15½ lb.) realised 22s. to 23s. per 120, against 20s. 6d. to 21s. last week; while Danish (15½ lb.) made 15s. to 15s. 6d., as against 14s. 9d. to 15s. last week.

FRUIT.—Partly in consequence of the weather, business at Covent Garden has been less active, says *The Fruitgrower*. Nevertheless, prices are generally rather above normal for the time of year. Demand for apples is well maintained and, with supplies moderate, prices are inclined firmer. Pears remain a steady trade, only moderate quantities being available. Hothouse grapes are rather inactive, with prices a point lower. Good supplies of summer oranges are still available, South African continuing in good demand. Brazilian are easier. Lemons and grapefruit, from all sources, are also cheaper than a week ago.

MEAT.—At Smithfield Market, on Wednesday last, Argentine chilled hindquarters were quoted at 4s. to 4s. 4d. per 8 lbs., as compared with 4s. to 4s. 4d. a week ago. New Zealand frozen mutton was 3s. 4d. to 4s. per 8 lbs., as against 3s. 4d. to 4s. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 9,028 tons, a decrease of 397 tons on the corresponding week last year. Beef and veal accounted for 4,783 tons, mutton and lamb 2,361, and pork and bacon 1,017, as compared with 4,710, 2,648 and 1,242 tons, respectively, in the same week of 1936.

PEPPER.—On Wednesday, white Muntok, "November-December," was quoted at 3½d. per lb. sellers, c.i.f. Rotterdam-Hamburg, against 3½d. per lb. a week earlier. Black Lampong, spot, in bond, was quoted at 2½d. per lb. sellers, compared with 2½d. per lb. last week. Movements at Smithfield Market last week were as follows: Black, landed, nil; delivered, 2 tons; stocks, 1,974, against 1,798 last year. White, landed, 59 tons; delivered, 71 tons; stocks, 11,251 tons, compared with 11,874 tons a year ago.

RICE.—The spot price of Burma No. 2 cleaned was 11s. 3d. per cwt. ex warehouse, on Wednesday, as compared with 11s. 3d. per cwt. a week ago. "November-December," in singles to Continent and U.K., was quoted at 10s. 1½d. per cwt., against 10s. for "October-November" last week. Movements in London last week were as follows: Landed, 64 tons; delivered, 217 tons; stocks, 1,216 tons, against 2,278 tons a year ago.

SUGAR.—The London spot market has had a quiet tone and prices are again easier. The New York spot quotation was 3-22 cents on Wednesday, as compared with 3-17 cents per lb. last week and 3-20 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "December" delivery at 6s. 1½d. to 6s. 2½d., against 6s. 2½d. to 6s. 2½d. a week ago. Movements of raw sugar in public warehouses in London and Liverpool last week were as follows: Imports, 13,418 tons, against 13,734 in the previous week and 14,380 in the same week of 1936; deliveries, 15,300 tons, against 15,062 and 18,032 tons, respectively; stocks, 167,068 tons, against 168,950 and 95,639 tons, respectively.

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

Week ended	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
	d.	d.	d.	d.	d.	d.	d.
Oct. 29, 1936	12.99	12.12	14.61	11.61	10.03	11.62	13.24
" 7, 1937	16.33	15.59	16.85	14.71	13.19	14.22	16.36
" 14, "	16.27	15.37	17.02	15.52	13.29	14.85	16.31
" 21, "	16.14	15.40	16.95	14.86	13.14	14.88	16.19
" 28, "	15.75	15.49	16.64	15.16	13.12	14.88	15.90

At this week's public auctions in Mincing Lane, 51,126 packages of Indian and 16,859 packages of Ceylon tea came up for disposal. The market in Indian sorts was rather less active and, except for the best qualities, prices were easier. An irregular tone was displayed at Tuesday's Ceylon auctions. Plainest teas showed little alteration, mediums were occasionally easier and fine teas sold well.

VEGETABLES.—Owing to the mild weather, supplies of all kitchen vegetables at Covent Garden are abundant and prices are consequently easier, states *The Fruitgrower*. Home-grown tomatoes are now finishing, while supplies of Canary Island are only moderate. Cucumbers have risen in price on shorter supplies, while onions are also firmer. Good supplies of house-grown beans are, however, selling at lower rates. Meanwhile, the liberal supplies of potatoes on offer at London markets meet a moderate inquiry at about recent prices. At the Borough on Tuesday, best siltland King Edward again made from 6s. to 7s. per cwt.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—Oilseeds and their products are quiet and in the past few days have had a decidedly easier tendency. The decline in linseed following an undisclosed surplus of old crop in Argentina has been accentuated by the official report of the Ministry of Agriculture of an increase in the area sown to linseed of over a million acres as compared with the preliminary forecast. The area of 7,336,000 acres compares with 7,435,000 acres sown and 6,533,000 acres actually harvested last season, and should favourable weather conditions continue over the next six or eight weeks a gross yield of something like 1,900,000 tons may be expected. The yield in the season now drawing to a close appears to have been under-estimated to the extent of at least 100,000 tons, hence the balance now left available for export is much larger than recently expected, and, with what India may export, will probably be sufficient to cover current needs until the new Plate crop is ready for shipment. Exports from South America last week were larger than for some time past, while those from India were comparatively small. The quantity afloat for Europe has increased to 131,300 tons, including 35,000 tons from India. Demand from crushers is restricted despite the more accommodating attitude of shippers.

Cotton seed remains weak with very little trade. Black Egyptian to Hull has been done at £6 per ton, December loading, but rather less is now asked. Vegetable oils are on the whole easy. Linseed oil is firm for near positions, but lower forward, prices being 20s. per ton down on the week. Cotton oil is also easier and quoted 20s. less ex Hull. The demand for oil cakes is improving and prices of home makes maintained.

RUBBER.—The market has been quiet this week. After showing a firmer tone before the week-end, prices later relapsed and the early gain was lost. There is now a disposition to await the forthcoming meeting of the International Committee, when it is expected that a substantial cut in the export quotas will be agreed upon. The spot price in New York on Wednesday was 14½ cents per lb., compared with 14½ cents per lb. a week ago and 16½ cents a month ago. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 7½d. per lb., as against 7½d. on the corresponding day last week. In forward positions business has been done at 7½d. to 7½d. for "December" shipments, as against 7½d. to 7½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 51,826 tons, against 51,324 tons a week earlier. A year ago stocks amounted to 96,673 tons.

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WHOLESALE COMMODITY PRICES

UNITED KINGDOM: LONDON, November 2nd

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

CEREALS AND MEAT				POTATOES—				WOOL—				INDIGO—			
GRAIN, Etc.—				King Edward (per cwt.)				English Southdown, greasy, per lb.				Cape			
Wheat—				Other English.....				" Lincoln hog, washed				Dry and Drysalted Cape			
No. 2, N. Man. 496 lb.				SPICES—				Queensland, scd. super cmbg.				Market Hides, Manch' tr			
Eng. Gaz. av., per cwt.				Pepper, per lb.—				N.S.W. greasy, super cmbg.				Best heavy ox and heifer			
Barley, Eng. Gaz. av.				Black Lampong.....				N.Z., gray, half-bred 50-56.				Best cow			
Oats,				White Muntok.....				Crossbred 40-44				Best calf			
Maize, La "Plata", landed				Cinnamon—1st sort, per lb.				Tops—				Merinos 70's average			
480 lb., Lon. stan. ex mill,				Cloves—Zanzibar, per lb.				" 46's				Crossbred 48's			
Flour, Lon. stan. ex mill,				Ginger—per cwt.—				" 46's				" 46's			
280 lb.				African				Crossbred 48's				" 46's			
Rice No. 2 Burma, per cwt.				Jamaica, ord. to good				" 46's				" 46's			
10 1½				Nutmegs, 65's.....				" 46's				" 46's			
MEAT—				SUGAR—				MINERALS				LEATHER—			
Beef, per 8 lbs.—				(Duty, 11/8 per cwt.)				COAL—				Sole Bends 8/14 lb.—			
English long sides				Centrifugals, 96° prpt.				Welsh, best Ad'ty ton				per lb.			
Argentine chilled hinds				abipm, c.f.f. U.K./Cont.				Durham, best gas, f.o.b.				Bark Tanned Sole			
Mutton, per 8 lbs.—				B.W.I., crystallised				Sheffield, best house, at				Shoulders (in DS Hides			
English wethers				Java, white, c. & f. India				pits				Do. Eng. or WS do.			
N.Z. frozen				Oct-Dec.....				Belles from DS do.				Do. Eng. or WS. do.			
Lamb, per 8 lbs.—				Nominal.				Ro. Eng. Calif, 20/30 lb.				Dressing Hides			
N.Z. frozen				Ravinsap—London—				Aut. Bends Avg. 7/10 lb.				1 5			
Pork, English, per 8 lbs.				Yellow Crystals				IRON AND STEEL—				VEGETABLE OILS—			
6 8 7 4				Cubes				Pig, Cleveland No. 8, d/d				Linseed, naked, p. ton net			
OTHER FOODS				Crushed				Bars, M'brough				per ton			
BACON—				Granulated				Steel rails, heavy				Cotton-seed, crude			
English				Home Grown				Tin plates				21/0/0			
Irish				TEA—				METALS—				Palm			
Danish				Indian—per lb.—				Copper, Electrolytic, ton				Oil Cakes, Linseed, Eng.			
Dutch				Pekoe				Sheets (Strong)				per ton			
HAMS—				Broken Pekoe				Standard				9/15/0			
Canadian				Orange Pekoe				Lead, Eng. pig				The Brussels Conference			
United States				Broken Orange Pekoe				Soft foreign				Japan's Advance			
BUTTER—				Ceylon—per lb.—				Splitter G.O.B.				Military Courts in Palestine			
Australian				Pekoe				Tin—English ingots				The French Socialists and the			
New Zealand				Broken Pekoe				Standard cash				Popular Front			
Danish				Broken Orange				MISCELLANEOUS				PETROLEUM PRODUCTS—			
CHEESE—				TOBACCO—				CHEMICALS—				Motor Spirit, No. 1.			
Canadian				(Duty, 9/6-10/6 per lb.				Acid, citric, per lb., less 5%				London			
New Zealand				Empire growth, 7/5½				Nitric				Petroleum, Amer. rifd.			
English Cheddars				8/3½ per lb.)				Oxalic, net				bri. London, per gall.			
Dutch				Virginia leaf				Tartaric Acid, less 5%				Fuel oil, in bulk, for			
COCOA—				Common to fine				Alcohol, Plain Ethyl				contracta, ex instal.			
(Duty, British grown,				Rhodesian leaf				Alum, lump				Thames			
11/8; foreign, 14/- cwt.)				Nyassaland leaf				Ammonia, carb.				Furnace			
Accra, f.f.				" strips				Sulphate				Diesel			
Trinidad				East Indian leaf				Aresic, lump				American			
Grenada				" strips				Bleaching powder, per ton				RUBBER—			
COFFEE—				TEXTILES				Borax, gran.				St. ribbed smoked sheet			
(Duty, British grown,				COTTON—				Do, powder				per lb.			
4/8; foreign, 14/- cwt.)				Mid-American				Nitrates of soda				Fine hard Para per lb.			
Santos Supr. c. & f. cwt.				Sakellaridis, f.g.f.				Potash—Chlorate, net				SHELLAC—			
Colombian, good				Yarna, 32's twist				Sulphate				TN Orange			
Costa Rica, med. to good				" 60's twist				Soda Bicarb.				SHELLS—			
East Indian				HEMP—				Crystals				W. Aust. M.-o.-P. ..			
Kenya, medium				Mid-American				Sulphate of Copper, per ton				TALLOW—			
EGGS—				Italian P.C.				CEMENT, best Eng Portland, d/d site,				London town			
English				Manilla, Oct-Dec. "J2"				London area, jute sacks, 11 to ton				TIMBER—			
Danish				Sisal, African				(charged and credited at 1/6d. each) or				Swedish u/s 3 x 9			
FRUIT—Oranges—				JUTE—				4-ton loads and upwards 39/- per ton				" 2 1/2 x 7			
S. African				Native 1st mks				1 and up to 4-ton loads 41/- per ton				" 2 1/2 x 4			
Brazilian				Oct. Nov. H.A.R.B.				COPRA—				Can'dn Spruce, Dis.			
Lemons, Malaga				Daisee 2/3 c.f.f. Dundee				S.D. Strata c.f.f., per ton				Pitchpine			
" Sicilian				Oct-Nov				DRUGS—				Rio Deals			
Apples: Amer. (var.) bris.				Canton											
(var.) boxes				Tussh.											
" Australian				Japan											
Onions				Italian—raw, fr. Milan											
Valencia, case				SILK—		HIDES—		Camphor		Can'dn Spruce, Dis.					
Egyptian, bags				Canton		West coast—Australian		Japan, refined .. per lb.		Pitchpine					
Grapes, Almeria, barrels				Tussh.		per lb.		Ipecacuanha .. per lb.		Rio Deals					
Grapefruit, Brazilian				Japan		0 6 1/2 0 6 1/2		DRUGS—		Teak					
S. African				Italian—raw, fr. Milan		nom.		Camphor		Honduras Mahog. logs					
" Jaffa				SILK—		nom.		Japan, refined .. per lb.		African					
LAKU—				Canton		nom.		Ipecacuanha .. per lb.		Amer. Oak Boards					
Irish, finest bladders ..				Tussh.		nom.		DRUGS—		" Ash					
U.S.				Japan		nom.		Camphor		English Oak Plants					
per cwt. 63½				Italian—raw, fr. Milan		nom.		Japan, refined .. per lb.		"					

but the fact that the political Labour movement has followed an evolutionary rather than a revolutionary course, and is in the radical tradition of advanced liberalism rather than in that of the Marxist philosophy of the Continent, is mainly due to the temperament and upbringing of MACDONALD and his close associates.

History, however, will be chiefly interested in MACDONALD because of the decision which he took in 1931, when the National Government was formed. To some a betrayal, to others a crowning act of statesmanship, this decision certainly affected the course of history. We speak of a decision; but in truth there were two moments of vital importance. One was when the National Government was formed; the other when an appeal was made to the country to give an open mandate to the new Cabinet. The first event could have happened without the second, and if so it would have had quite different consequences. But the election of 1931, in fact, handed over the direction of the destinies of this country to LORD BALDWIN during the critical years of the trade slump, the rise of the dictatorships and the supreme testing time of the League of Nations idea. Everyone will hold his own opinion as to what would have happened if the direction of affairs during these years had been in the hands either of a Labour Cabinet, or of the first National Government dependent upon a House in which Labour and the Conservatives had about equal representation and the balance of power rested with the Liberal Party. But however that may be, it is certainly improbable that MACDONALD anticipated, when he made his decision to appeal to the country, that he would, in fact, place himself so entirely in the hands of an immense Conservative majority.

The actual transference of power to the Conservatives was not the sole consequence. It is at least as important that the events of 1931 have left the Labour Party bereft of its outstanding leaders, and handicapped by the widespread belief that Labour is incompetent to govern—at all events in times of crisis. The Labour Party might perhaps with diligence succeed in dissipating the impression, so sedulously created by spokesmen such as SIR STAFFORD CRIPPS, that there is bound to be financial panic if Labour comes into power. But it is harder to

dispel the recollection of the historic fact that both the Labour Governments have been short-lived and brought down by fright on the part of the great mass of people who, having a stake in the country, felt they had something to lose from Bolshevism or financial disaster.

Is this the inevitable fate of a Government whose programme is radical reform? Or is the history of our two Labour Cabinets due to defects of personality? It might almost be argued from contemporary history that radical reform is impossible without crisis and confusion. In recent weeks it has almost seemed that MR ROOSEVELT's New Deal has so scared capital that the American economy is degenerating into a slump; while in France the programme of the Popular Front, which in the main consists of overdue reforms which have long been adopted elsewhere, has sent capital fleeing from the country and smashed the franc. But this would be a hasty judgment. There are signs that, after suffering severe jolts, the French economy is regaining its accustomed poise; and we have yet to see whether Wall Street's pessimism will inevitably translate itself into a general setback to recovery in the United States. But perhaps a more instructive parallel is the period of sweeping reforms which occurred in this country in the eight years preceding the Great War, when the social services grew by leaps and bounds and the weapon of progressive taxation was forged. That period was one of great and increasing prosperity.

Labour's sojourn in the wilderness, to which MACDONALD's decision in 1931 condemned it, is not governed by any inability of Great Britain to undertake far-reaching and rapid reforms of its social life, but by two other considerations. One of these is the character of the leaders of the Labour Party and the nature of their appeal to the people, which has often seemed to be too high in the clouds for the practical vision of the ordinary voter. The other is the liberal tendency within the Conservative Party and the extent to which a Conservative Government will in fact adopt reforms which satisfy, for the time being, the instincts and demands of the country. MACDONALD gave Baldwinism its chance. Labour will come back when the Tories abandon Baldwinian Liberalism.

From Axis to Triangle

AT Rome, last Saturday, a new anti-Communist Pact, in which Italy has joined forces with Germany and Japan, was signed for Italy by COUNT CIANO, for Germany by HERR VON RIBBENTROP, and for Japan by the JAPANESE MINISTER accredited to the Quirinal. The government-controlled Press of the three signatory Powers has made haste to declare that the new treaty means no more than it says, and that there are no secret clauses. The assurance may be taken at its face value, since it is evident that the text, as it stands, can be made to mean whatever may suit the signatories' purpose.

The signatories argue that the new pact is inoffensive because it is not directed against any State or country—not even against the Soviet Union—but only against a subversive international organisation which already stands condemned in the eyes of most of the peoples of the world. The plea is specious but unconvincing. To our mind, the very elasticity of the objective of the new crusaders' hostility in their deed of partnership is the most sinister feature.

Who is the Bolshy? That is the crucial question; and it is already clear that in German and Italian and Japanese eyes he is an almost infinitely Protean creature who can be detected masquerading under any and every disguise. At moments, no doubt, he may take

the shape of STALIN; but his other avatar is NEGRIN, and at the present moment he is incarnate in the person of CHIANG KAI-SHEK. That is why the Japanese, in their zeal to "do their bit" in the three-Power anti-Communist crusade, have announced their intention of pressing their attack upon China until the Government at Nanking has been overthrown.

This Japanese sharpness of vision gives food for thought to the rest of us. How disconcertingly penetrating these Japanese witch-hunters have been. Here are CHIANG KAI-SHEK, and the Kuomintang Party whom he represents, convicted of crypto-Bolshevism and righteously marked out for annihilation by the Japanese sword, although, for ten years past, the Kuomintang regime in China has ostensibly been devoting a substantial part of its energies to a long-sustained endeavour to repel and repress Communism in China by force of arms. Sly dogs! But the lynx-eyed Japanese have been too sharp for them. CHIANG KAI-SHEK's pretended campaign against Communism has now been exposed as a devilishly deceitful blind. Really, he has been clasping the hidden hand all the time; and now, belatedly, he is getting his deserts.

This awful warning from China has a moral for the British Tories; for though not even the three Crusaders would accuse the Conservative Party of *malice prepense*,

there is such a thing as being a Bolshy in spite of one-self, and even without one's own knowledge. HITLER has already found the formula. The democratic countries, he propounded to us some time ago, are breeding-grounds for the Communist bacillus. Wherever you see the corruption of Democracy *festering to-day*, you can be sure of being notified to-morrow of an outbreak of the Communist plague.

This diagnosis has large implications; for our crusaders, in their public spirit, have constituted themselves a board of medical officers of health for a plague-stricken world. And how does your provident and efficient medical officer proceed? His motto is and always that prevention is better than cure. Better get to work now on slum-clearance than wait to nurse the sick and bury the dead who will be the victims of the epidemic that is certain to break out again to-morrow if the plague-spot is not resolutely cleared up. The duty of putting the Tories out of harm's way might be as painful to the crusaders as it would be distressing to the victims themselves to learn, on unchallengeable and veterinary evidence, that they were carriers of foot-and-mouth disease. But when the fell disease is stalking abroad, what medical service worth its salt would hesitate, out of a mistakenly sentimental spirit of compassion, to slaughter the wretched cattle who are on the way to spread the fatal sickness to others of their kind?

This interpretation of the new pact is by no means fantastic, as is shown by the prognostications which have already been thrown out by the crusaders' public organs. Apparently there is to be a world-wide campaign—extending Spanish-fashion to the Americas as well as to the Old World—for recruiting reinforcements for the crusade. We are to be circularised with a questionnaire containing the single question: "Will you join the anti-Communist Pact or will you not?" Let it be not a pleasant question to have to answer. Let us glance again at China's present predicament. Already the Japanese have intimated that China's adherence to the Pact may be one of Japan's conditions for granting China peace. If China refuses, she brands herself as Bolshy by her own confession; if she agrees—well, then she is giving the medical officer a doctor's mandate, and by the time she has carried out his instructions for disinfecting herself, she will find herself stripped at least of her clothes and possibly of her skin. Now China is only the first name on a list of unknown length. The next to be asked may be Czechoslovakia. "Will you prove to us, little Czechs, that

you are public-spirited citizens of our anti-Communist world-community? You can do it by adhering to our Pact, but of course that will entail, as evidence of sincerity, your denouncing your present pacts with Red Russia and Pink France." And there is Poland. The Poles no more want to line up with Germany against Russia than with Russia against Germany; but if they try now to stick to their policy of neutrality they will be in danger of making themselves odious. Neutrality in the battle between the physician and the plague! Such neutrality is an unpardonably anti-social posture. Stay neutral, little Poles, at your peril!

In the light of all these implications, it looks, after all, as though the ceremony at Rome last Saturday had been rather a momentous act. In that act, the doctrine of the indivisibility of peace, for which its advocates have not had the courage to stand fast, was officially supplanted by a new doctrine of the indivisibility of aggression, as the sign in which our oecumenical gangsters intend and expect to conquer the world. During recent years international affairs have been eddying in two distinct maelstroms round two widely separated poles—one in Europe and the other in the Far East. To-day the two poles have come together and the two maelstroms have merged into one mighty whirlpool.

If this is where we stand to-day, the position reflects upon British policy during the six years that have now passed since the present tide of aggression started to flow in the autumn of 1931. Our British policy has been, every time, to let the aggressor have his head in the expectation that he would let us live happily ever after while he browsed contentedly on his victim's carcass. This expectation has been falsified by a fresh demonstration of the well-known truth that *l'appétit vient en mangeant*. The Japan who was to have been sated by Manchuria has now opened her jaws to swallow the northern half of intra-mural China. Italy's unrepelled conquest of Abyssinia and Germany's unrepelled reoccupation of the Rhineland have been followed by the establishment of the Rome-Berlin axis. And now comes the new Triple Alliance.

Turning the other cheek sounds fine. But whose cheek is it, as a matter of fact, that we have been turning so patiently during these past half-dozen years? It has not been our own cheek, but our friends', and that is neither good Christianity nor good politics. Last Saturday's clarion call from Rome has signalled, surely, to London, Paris and Washington, that it is time—high time—for a change.

Creditor and Debtor Nations

RECENT discussions have provoked a good deal of confused thinking about the implications of foreign lending. The diversion of a part of British savings abroad, for example, has been criticised on the ground that it is responsible for the under-development of certain branches of domestic activity and particularly for the decline of agriculture. Further, that part of our imports which represents interest on foreign investments does not call for an equivalent in exports is held to be the cause of a considerable amount of unemployment in this country. Foreign investment has also been attacked for the loss of much capital (put by LORD MANROFT at £2,000 millions during the past 60 years), in some as if domestic investment were entirely riskless. In some measure, prevailing popular confusion is due to our foreign of precise information on the subject of our foreign investments—a deficiency which we shall endeavour to remedy, as far as in us lies, in a special survey in next week's issue of *The Economist*. Meanwhile, it may be

useful, as a preliminary, briefly to set out the nature of foreign investment and to compare the extent of its development in the principal creditor and debtor countries of the world.

By investing part of its savings abroad, a country merely extends the principle of economic specialisation beyond its own boundaries. In undeveloped countries, where current savings are small, the yield on new investments tends to be higher than in the older countries. The development of foreign lending, however, postulates a certain amount of freedom for the international movement of goods and capital, as well as a measure of political stability in countries which are anxious to attract savings from abroad. These conditions obtained, on the whole, before the war, when Britain rose to the position of the world's chief creditor country. In more recent years, however, the freedom of movement of goods and capital has been impaired, partly by world-wide depression, with its progeny of currency

fluctuations and restrictions, and partly by the growth of economic nationalism and political instability.

Capital exports may conveniently be grouped under three headings, according to their degree of permanence. First, there are long-term investments for development purposes, which constitute the bulk of Britain's overseas capital. Under this heading come direct investments, such as those made for the development of rubber and tea plantations in Malaya and Ceylon, or of gold mines in South Africa, and for the construction of railways and electricity works in Argentina and British India. This category also includes loans made to overseas Governments for the development of their countries. Secondly, there are investments of a less permanent character, such as the recent purchases by foreigners of American securities in order to take advantage of a temporary rise in Stock Exchange values. Finally, purely temporary exports of capital may be stimulated by the search for security rather than by the attraction of a higher return. This movement has grown enormously in recent years as a result of economic and political instability. As fugitive capital is usually kept liquid, in the form of bank balances and Government securities, this movement can hardly be grouped with investment proper, and is excluded from our analysis.

Broadly, the principal lending countries are found among the older nations whose industrialisation has permitted the accumulation of substantial savings. They include the United Kingdom, France, Belgium, Holland, Switzerland, and, since the War, the United States. According to an estimate of the League of Nations, the total amount of long-term capital invested abroad by creditor countries at the end of 1935 was about 30 million dollars (gold), equivalent to about £10,000 millions. The United Kingdom's proportion of the total overseas investments of creditor countries is put at well over one-third. Next come the United States, with about one-quarter, France, with approximately one-tenth, and Belgium, Holland and Switzerland, with an aggregate of something between 17 and 23 per cent.

The debtor countries, inevitably, are much more numerous than the creditor countries, and they comprise, in fact, practically all the remaining nations of the world. The terms debtor and creditor refer, of course, to the balance of the two kinds of items. Many debtor countries have investments abroad, and, conversely, substantial amounts are invested in creditor countries, especially in the United States.

To ascertain the total foreign investments and debts of any individual country is a formidable statistical task, into which the element of approximation enters largely. Estimates of net annual interest and dividend receipts are, however, more accessible, and they are regularly collected and published by the League of Nations. In the diagram on this page we have related the figures for various countries to the total population, and shown receipts or payments *per capita*, converted into sterling.

Belgium, Holland and Switzerland are the chief creditor countries for which, unfortunately, no recent data are available. Among the list of debtor countries, such important nations as Argentina, Brazil, South Africa and Italy have been omitted for similar reasons. We have taken the League's figures, except for the United Kingdom and the United States. The data relate to the year 1935, except those of Canada, Denmark, the United Kingdom and the United States, which are for 1936, while those of British India and New Zealand relate to the financial year 1935-36, and the Australian figures to the year ended June, 1935.

Of the creditor countries shown in the diagram, the United Kingdom is much the most important. Britain's receipts in interest and dividends on her foreign investments in 1936 exceeded £4 per head. Indeed, it has been computed that this country derives as much as one-twentieth of its total national income from interest and dividends on foreign investments. Next in importance among the countries listed comes France, followed by the United States and Sweden. Although America's share of the total foreign investments of creditor countries is as much as 25 per cent., her receipts per head are relatively low compared with the United Kingdom's.

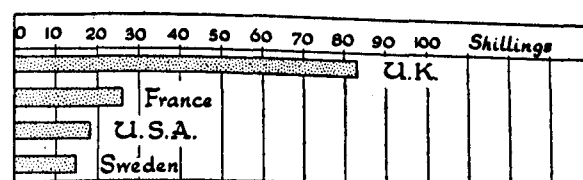
Just as receipts per head are greatest in the case of the United Kingdom, among the debtor countries shown in the diagram the interest payments are heaviest in the case of British Dominions. Indeed, the payments per head of Australia, Canada, and New Zealand are of the same order of magnitude as the receipts of the United Kingdom. The payments of South Africa and Argentina, though they have not been computed for recent years, are also substantial on a *per capita* basis. At a considerable distance come Norway, Denmark and Germany, with payments exceeding 10s. per head.

While foreign, and especially British, investments in British India and China are substantial in the aggregate, the annual interest and dividend payments of these countries are very small on a *per capita* basis. Japan's net foreign indebtedness has been considerably reduced in recent years, and her payments for interest and dividends have fallen to an insignificant level per head of her population.

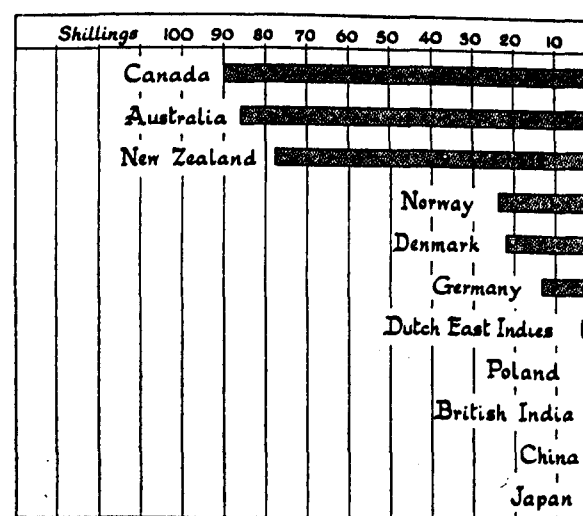
One of the most significant conclusions emerging from this analysis is the close relationship, on the capital side, between the United Kingdom and the British Empire. By habitually investing part of her savings abroad for many years, Britain has stimulated the economic development of overseas territories, and has provided the source of a substantial part of her national income. Moreover, by applying part of her savings to the development of territories better suited than herself for primary production, she has contributed in no small measure to the provision of cheap raw materials and foodstuffs for other countries—and, therefore, to the world's economic development.

INTEREST AND DIVIDEND RECEIPTS AND PAYMENTS PER HEAD IN 1935

(a) Receipts of Creditor Countries



(b) Payments of Debtor Countries



Makers of Road Vehicles

THE Commercial Motor Transport Exhibition, which has been open at Earl's Court all this week, lacks the wide popular appeal of the annual private car show. From the economic as well as the trade and engineering standpoint, however, it is an event of outstanding importance, in view of the rôle which road transport continues to play in industrial development.

The number of commercial vehicles of all kinds in use in Great Britain increased from 564,000 in 1935 to 596,000 in 1936, and is estimated at 633,000 in 1937. Much the largest part of the total is composed of goods vehicles, whose numbers have increased from 467,561 in 1936 to an estimate of 493,000 this year. There has been a smaller increase in omnibuses and motor-coaches, from 49,816 to 51,000, while the number of taxis has remained unchanged at about 38,000. An outstanding feature of the tax returns (from which these figures are mainly compiled) has been an increase from 40,260 to an estimate of 51,000 in the number of vehicles which do not pay tax at all. This movement is a corollary of the growth and mechanisation of the Army, the enlargement of the Air Force and the increased requirements of the Post Office. No manufacturer of commercial vehicles to-day can afford to ignore the importance of the State, either as a buyer and user of road vehicles or as the ultimate arbiter of road transport operating conditions.

Like the private car makers, the commercial vehicle manufacturers are very busy; and, like them, they have raised their prices during the last few months. The general increase has been about 5 per cent., though a number of manufacturers have kept their prices steady, while a few have made larger additions. Like their car manufacturing colleagues also—and perhaps with better reason—the makers of commercial vehicles hope and trust that the change will not affect replacement demand. Actually, commercial replacements usually follow a regular programme and prices in any case are still much lower than they were even three or four years ago. Demand for additional vehicles, in its turn, may be only slightly affected as a whole, but within each class a tendency to favour cheaper against dearer models will almost certainly be encouraged.

A new season is now opening for the industry, in which a continuance of Government purchases is assured, and the maintenance of existing demand for new buses and motor-coaches is well-nigh certain; but in which the making of new records for sales of commercial haulage vehicles is, to say the least, more doubtful. New registrations have, indeed, been running in recent months somewhat behind those of the last season, and there are no immediate indications of a reversal of the trend.

To put these generalisations into due perspective, it may be well to consider the figures of new registrations. For commercial goods vehicles last season the total is estimated at 81,500, compared with 78,463 in 1935-36, for new omnibuses and motor-coaches at 6,400, compared with 5,725, and for taxis at 2,000, against 1,933. The really spectacular increase has been in sales of "exempt" vehicles, which have increased from 5,311 in 1934-35 to 10,050 in 1935-36, and an estimate of 14,200 in 1936-37. Exports increased in the past season from 15,553 to 20,702, and imports from 2,428 to 3,900. Thus we reach a record total home production figure for the past season of 121,000 vehicles, an increase of 11 per cent. over the preceding year's figure of 109,000. The incidence of taxation and road traffic legislation is having a marked effect on demand. On the passenger side, the larger types of omnibus hold the field—or the road; since operators, who are restricted as to the number of vehicles they run, prefer double-decker to single-decker buses where traffic is at all heavy. The greater proportion of the new and heavier vehicles have Diesel engines, and the sales of petrol buses continue to fall off; while sales of trolley-buses seem likely still further to increase. Among goods vehicles, demand for "heavyweights" is still affected by the sharp increase in taxa-

tion, imposed in 1933, but might well recover if present speed limits were modified. Since a goods vehicle of over 2½ tons unladen weight is limited to 20 m.p.h., while a vehicle not exceeding 2½ tons is permitted 30 m.p.h., the "middleweight" manufacturer of 2 to 2½ tonners has specialised in the production of vehicles which may have an advertised carrying capacity of as much as 110 cwt., but which come just within the 2½-ton limit. At the same time, and, rather curiously, sales of "lightweight" vehicles are declining. These find their market essentially among shopkeepers, for local delivery purposes, but demand as a whole has been recently for industrial transport rather than "service."

Like Caesar's Gaul, the commercial vehicle manufacturing industry may be divided into three parts—the heavy weight manufacturers, the "Big Three"—and the others. The first group, which is engaged in omnibus and heavy lorry work, includes Leyland, A.E.C., Dennis, Albion, Scammell, Thornycroft, Bristol and Guy. At present, some of these manufacturers are busy with Government contracts in addition to their ordinary commercial production. The group accounts for about 14 per cent. of the total output by number, but a much higher percentage of total value. Next come the "Big Three": Bedford (Duxhall), Fordson and Morris Commercial. These produce, say, 67 per cent. of the total numerical output. They are especially strong in the middleweight category, and all three are affiliated with important car manufacturers. On the whole, they are increasing their share of the total market. The remaining group, which produces something like 19 per cent. of the total, includes Austin and Commer (Rootes), as well as a somewhat surprisingly large number of small manufacturing firms. In this industry the small firm is not very easily forced out of business. Even if it carries on merely "assembly" work, which consists of purchasing an engine from one specialist manufacturer and various parts from another, it may succeed in keeping its head above water indefinitely, with a modicum of profit.

Our survey of the commercial vehicle industry may fittingly conclude with a brief appreciation of possibilities in the international market. Exports of British commercial vehicles last season were only 20,702, compared with America's estimate of 130,000, but the ratio of increase was 33 per cent., against 21 per cent. for the United States. Britain's chief markets are in Australia, New Zealand, India, South Africa, Denmark and the Scandinavian countries. Sales to Empire countries account for three-quarters of the total, but, even so, the trade is more widely distributed than that in private cars. In one respect, however, the position is anomalous, for over half the total exports are produced by a single manufacturer. There is a good deal of evidence to show, indeed, that an export drive by certain other manufacturers would be well rewarded. Imports of foreign cars into this country increased by as much as 60 per cent. last season, but their total was only 3,900. They came predominantly from the United States, and consisted chiefly of "middleweights," like Dodge and Reo, which competed directly with the products of the "Big Three." There may conceivably, in future, be increased competition from the Continent, from makers like Renault and Opel. The latter is the German subsidiary of General Motors, whose British subsidiary, Vauxhall, has been so successful in developing its Bedford lorries behind the British tariff wall that to-day it has become the leading commercial vehicle manufacturer.

On the whole, the outlook for the commercial motor vehicle industry appears satisfactory, though not, perhaps, exhilarating. In view of the extent to which official policy and control affect a considerable part of its total demand, the industry may have less to gain than some others from a high level of national prosperity. On the other hand, it would have proportionately less to fear from any check to rising trade activity.

Russia's Economic Progress

LAST Sunday, Russia celebrated the twentieth anniversary of the revolution which first put the bolsheviks into power. The Soviet system and all that it stands for have since been assailed continuously—from outside by force of arms at first and by force of dialectic and propaganda later; from inside, we have repeatedly been informed, by the malice of saboteurs and wreckers. The system has itself changed profoundly in the past two decades, but it has developed far more impressive powers of longevity than many of its earlier critics were prepared to assign to it. And its tenure of power has been associated with a striking expansion of Russia's internal industry, under successive State planning schemes, whose extent would have been deemed remarkable under any regime. We do not propose, in the following article, to discuss the question whether the national economic progress would have been more or less rapid had it been made under the ægis of some other political system, but rather to endeavour to measure its actual pace by using such statistical speedometers as are readily available.

It may be well, at the outset, to enter at least two caveats. In the earliest years of Soviet rule, when Russia, and a good deal of Europe as well, were prostrate after the war, the economic system came perilously near to total collapse. If present-day figures, consequently, are compared with those, say, of 1920-21, an exaggerated idea will be obtained of the *net* progress achieved under the Soviet. Even if the comparison, however, be taken back to the last pre-war year, 1913, the picture will still lack perspective; for the end of the nineteenth century and the beginning of the twentieth were a period of phenomenally rapid advance in Russia's industrialisation under the Czarist regime. In the tables at the bottom of this page, therefore, we have supplemented the figures published by the Soviet authorities (which in many cases have themselves a 1913 figure inserted for comparison) by a number of others going back, where possible, to the 'nineties and the first decade of the present century. The two sets of data, naturally, can be contrasted only on broad lines; but the year 1913 provides in many instances a useful bridge. On the whole, it will be seen that the correspondence between the figures for that year is close, if allowance be made for the fact that the pre-revolutionary figures included a vast area of Poland and Eastern Europe, which is outside the U.S.S.R. to-day.

It is unlikely that the Soviet figures err by understatement. After all allowance, however, for the effect of this and other possibilities, it remains true to say that Russia's economic activity has increased amazingly in

the last two decades. Even if some of the more spectacular achievements, like the recent growth of gold production, be left out of account, an increase since 1913, as shown by the Soviet figures, of 47 per cent. in railway mileage, a fourfold rise in coal production, and a three to fourfold rise in output of iron and steel, are all achievements which may perhaps be discounted but cannot readily be explained away. The area under cotton has doubled in eight years, and between 1932 and 1936 the authorities claim to have increased the yield of cotton by nearly 100 per cent. On the other hand, it is clear that Russia's new rulers took over a country whose industrialisation had been proceeding apace before the war. Between 1890 and 1915 Russia's railways had grown from a total length of 28,360 kilometres to 68,760 kilometres; her coal production had doubled between 1900 and 1912-13; her pig-iron output had grown from an almost negligible figure to nearly 4½ million tons in a quarter of a century; and her cotton area had expanded from 307,000 hectares to 493,000 hectares in a mere six years. Other pre-war statistics strongly suggest that the beginnings of Russia's industrial and commercial revolution antedated her political revolution. The freight carried on Russian railways, for example, rose by 50 per cent. between 1904 and 1912. The value of foreign commerce in 1913 was 2,913 million gold roubles, as compared with 914 millions in 1886 and 1,896 millions in 1906.

The process, however, has undoubtedly been greatly accelerated under the new regime. How far is its momentum likely to be maintained in future? That progress is anywhere near its limit may be doubted, but it may well encounter successive major obstacles in the future, as it has in the past. In the period of Lenin's New Economic Policy (1921 to 1927) the backwardness of agriculture, following upon the famines, was the main stumbling-block. No large-scale industrialisation could take place until less labour was being devoted to food production and more to manufactures. All energy was concentrated, therefore, first upon reviving individual peasant agricultural productivity, and secondly upon the building of tractors and preparation for collective farming. At present there are nearly 600,000 tractors in the country, and these have replaced about 11,000,000 wooden ploughs. Agriculture is almost completely collectivised. This second agrarian revolution, in its turn, has presented the whole country with another major problem, that of housing. The constant influx of displaced peasants from the countryside into the towns puts a heavy strain upon the housing resources, which will not be relieved until agriculture is wholly mechanised.

At the present time a third, and unexpected, problem is developing. The enormous output of internal combustion engines of all kinds (tractors, automobiles, aeroplanes, tanks, etc.) is putting a very severe tax upon the oil industry of the country. It was recently pointed out by a writer in *The Times* that the production of automotive units of all kinds had increased by 208 per cent. between 1932 and 1936, while the production of crude oil increased only from 21,500,000 tons to 27,300,000 tons—i.e. by 27 per cent—though improvements in refining processes gave an increase in petrol *plus* ligroin production from 2,881,000 tons to 4,258,000 tons—i.e.

by 48 per cent. The deficiency has been made up for by a drastic reduction in the export of oil, and in 1936 the Soviet Union actually imported 46,000 tons of petrol for the first time. The energies of the Soviet planning authorities are therefore now concentrated on the "oil front," whose potentialities are enormous.

Thus the Soviet economy moves from one major problem to another. The Russians have reason for satisfaction with the achievements of their new social-economic mechanism, on the twentieth anniversary of its inception. But it has not as yet given them relief from economic anxiety.

Notes of the Week

Armistice.—There is no occasion of the national year, save only Christmas, which has deeper popular roots than Armistice Day. Formal celebration has always been kept to a minimum; even in Whitehall the central knot of ceremony is lost in the great informal crowd which comes every year to keep its vigil at the Cenotaph. Throughout the country, too, Armistice Day is celebrated by the individual with his own thoughts and not by pomp or circumstance. This fits the occasion. For pride and joy in Victory, though they still exist, have long since been overlaid with more sombre emotions. Armistice Day becomes, year by year, a sadder remembrance. For those who fought through the four years, at the front or at home, it is a time for calling the silent roll of the friends who did not come back, for recapturing in the quiet places of the mind for two minutes that subtle mixture of anxiety, discomfort and comradeship which runs through all memories. Those who remember are already the smaller half of the people. But still Armistice Day retains its solemn meaning. As memory of the past retreats, it is reinforced by hopes and fears and resolutions for the future. It is a post-war nation now which communes with itself during the Silence. It remembers the dead; but of all they died for, one hope is uppermost:

Pray God that you may never know
The hell where youth and laughter go.

The Prime Minister at Guildhall.—Mr Neville Chamberlain attended his first Lord Mayor's Banquet as Prime Minister on Tuesday evening. His speech contained no new announcements or startling changes of policy. But some of the turns of phrase with which he repeated well-worn policies have excited attention both at home and abroad. In dealing with the economic position of Great Britain, for example, there was not only the familiar belief "that we in this country may look

for a continuance of favourable trading conditions," but also the new note that "should a setback come, it will not be so severe as was the case in the depression of a few years ago." Perhaps the most striking feature of the speech was the unusual warmth of the references to the United States, repeated not only in connection with the Brussels Conference, but also in that passage of the speech which looked forward to the conclusion of a Trade Agreement "which might well bring benefits to the world far transcending the immediate advantages to the trade of our respective countries." Dealing with Europe, the Prime Minister reaffirmed his Government's attachment to the League of Nations, and he included a special word of welcome for the close collaboration with France which has been maintained in the past year. He then went on to make a statement which deserves textual quotation:—

As regards our relations with the two great Powers which are now so closely associated in what is known as the Rome-Berlin axis, I will only say this. It is the sincere desire of his Majesty's Government to see those relations established upon a basis of mutual friendship and understanding, but as we believe that that understanding, which might well have far-reaching effects in restoring confidence and security to Europe, will be more hopefully pursued by informal discussion than by public declamation, I propose to abstain from further words upon the subject this evening.

If this was a significant new departure in British foreign policy, the fact escaped the Prime Minister's British audience. But there has been a surprising—and possibly symptomatic—alacrity in Rome and Berlin to welcome the speech not only as friendly to Germany and Italy, but as marking a new initiative. There was a report on the day after the banquet that Lord Halifax had been deputed by the Cabinet to go to Germany to undertake diplomatic negotiations. Lord Halifax has explained that what actually has occurred is that he has been invited, in his capacity as Master of Foxhounds, to visit the Hunting Exhibition in Berlin and to join a shooting party. He

Table 1: Length of Railways

Pre-Soviet Figures		
Year	Kilometres	1890 = 100
1890	28,360	100
1905	55,970	197
1915	68,760	242

Soviet Figures		
Year	Kilometres	1913 = 100
1913	58,162	100
1924	74,400	128
1928	77,038	133
1932	81,600	140
1934	83,200	143
1936	85,400	147

Table 2: Coal Production

Pre-Soviet Figures		
Year	Mn. tons	1900 = 100
1900	16.4	100
1902-3 average	17.2	105
1905	18.7	114
1912-3 average	34.0	208

Many of the pre-Soviet figures appeared in a work written in 1919 by Dr J. M. Goldstein, professor of political economy at the University of Moscow, which contained, in addition to certain prophecies which events have completely falsified, an excellent statistical account of the economic development of Russia during the quarter of a century before the war. The figures agree closely with others which have been incorporated in these tables. The Soviet figures have all been taken from officially published sources.

Soviet Figures

Year	Mn. tons	1913 = 100
1913	29.1	100
1930	48.8	168
1936	126.2	434

Table 3: Pig Iron Production

Pre-Soviet Figures		
Year	Mn. tons	1889 = 100
1889	0.5	100
1902-3 average	2.5	500
1912-13 average	4.4	880

Soviet Figures		
Year	Mn. tons	1913 = 100
1913	4.3	100
1933	7.1	165
1934	10.4	238
1935	12.5	290
1936	14.4	335

Table 4: Steel Production

Soviet Figures		
Year	Mn. tons	1913 = 100
1913	4.2	100
1933	6.8	162
1934	9.7	231
1935	12.5	298
1936	16.3	388

Table 5: Area under Cotton

Pre-Soviet Figures		
Year	Hectares	1908 = 100
1908	307,000	100
1914	493,000	161

Soviet Figures		
Year	Hectares	1928 = 100
1928	971,000	100
1932	2,172,000	224
1935	1,953,500	202
1936	2,014,000	208

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explains that he has not yet decided whether to accept the invitation, but that if he does, "he would no doubt take the opportunity of making such political contacts as might be found convenient." It may be that Rome and Berlin are anxious to initiate conversations with the Prime Minister or with one of his colleagues, and that the British Cabinet does not exclude the possibility of such negotiations. But since it is made clear in Rome and Berlin that there is no change in the policy of the Fascist Powers, it needs considerable optimism to envisage any such approach having a satisfactory outcome.

* * *

Parliament in Minor Key.—The first important measure of the Session, the belated Bill to reorganise the coal industry, has appeared and is discussed on page 307. It was presented to the House on Wednesday, and earlier in the week there were rumblings in the correspondence columns of the press of the storm of opposition to come from interested parties. Pending the discussion of this measure, the time of the House has been occupied by films, wills and Scottish houses. On November 4th, the Government's Films Bill was regarded askance by many speakers because it sought the right objective in the wrong way: to improve British films by the application of a cost instead of a quality test. In turn, on November 5th, the Government was sceptical about the Inheritance (Family Provisions) Bill, the latest attempt by a private member to legislate against cruel and unjust wills. Official spokesmen approved the purpose of the Bill but feared, like many private members, that it might lead to endless litigation. Similarly, while there was general agreement on November 10th that Scottish rural housing needed drastic improvement, Opposition speakers questioned the expediency of giving subsidies for tied-houses. For the rest, the House was concerned with questions to elicit information about social conditions, the progress of re-armament and foreign policy. The appointment of commercial agents to insurgent Spain was unexpectedly pressed to a debate on November 8th; and on November 10th, when the House sat under the shadow of Mr Ramsay MacDonald's death, the indignation of Mr Kirkwood over the rising cost of living led unhappily to his suspension. The great days of the Session have still to come.

* * *

Air-Raid Precautions.—Even after a scandalously prolonged delay the dispute between the Government and the local authorities on the correct apportionment of the cost of air-raid precaution schemes has not been resolved, and the Government are to impose their view by legislation. The story of the dispute is instructive. The first official mention of air-raid precautions in what has since become the technical meaning of the words was in a speech by Lord (then Mr) Baldwin in July, 1934. In April, 1935, the Air-Raids Precautions Department of the Home Office was formed and a circular was sent to the local authorities. This circular said that the Government intended to undertake the supply of gas masks, protective clothing and decontamination apparatus and to provide facilities for training. The local authorities were enjoined to provide shelters, to enlist and train volunteers, to strengthen their fire brigades and police forces, and to organise hospital service. The local authorities refused to start this work unless the Government would foot the bill. Their case was strong, since the matter is clearly a national responsibility. But the Government were unwilling to stand sponsor for whatever work the local councils decided to put in hand. They offered 70 per cent. of the expenditure. The authorities unanimously rejected this offer. Time passed while this offer was being made, rejected, reconsidered and revised. The second offer, which was said to be final, was made on October 14, 1937. In this the Government undertook to pay the whole cost of fire-fighting appliances, stretchers, blankets, equipment for first-aid posts, etc., in so far as such articles are not needed in peace time. For the rest of the expenditure,

the local authorities were to be grouped in four categories according to their position under the Ministry of Health block-grant formula, and they were to receive grants of 60 to 75 per cent., according to the group. The highest rate of grant was to apply to all expenditure above the produce of a penny rate.

* * *

The Government estimated that this offer would amount on the average to 90 per cent. of the total expenditure being met by the Treasury. But still the local authorities demurred, claiming that the burden on the poorer areas would be very heavy. They wanted the Government to offer 90 per cent. of expenditure above a penny rate and 100 per cent. of expenditure above a twopenny rate. The Government raised their offer to 85 per cent. above a penny rate. But with this very narrow margin remaining, the negotiations reached deadlock. A Bill is to be introduced not only embodying the financial plans of the Government but imposing a statutory obligation on local authorities to produce schemes, and though it will be opposed it is hoped to have it on the statute book before Christmas. The story is a lamentable one which is beginning, not before the proper time, to stir up anger. The fact that in the course of negotiations the Government have made all the concessions suggests that their original proposals were unfair, but also that they have made the more earnest endeavour to reach agreement. The delay has not meant that nothing has been done in the matter of protecting the civilian population from air attack. But it has meant that not nearly as much has been done as could have been done and, in particular, that London, the biggest target in Europe, is the worst protected. The responsibility for this is a very heavy one indeed, and the man in the street is not a little angry that very small sums of money have been allowed to stand between him and such security as is obtainable. In the debates in Parliament both the Government and the representatives of the local authorities will be expected to explain why they permitted so long a delay. Both of them will be in the dock; and any further obstruction on either side should be very severely dealt with by a public which is all too intimately affected.

* * *

Non-Intervention.—On Thursday of last week, as was noted in the last issue of *The Economist*, Lord Plymouth was authorised by the Non-Intervention Committee to make an immediate approach to the two combatant parties in Spain with a view to securing their concurrence in the execution of the British plan; and the Foreign Office lost no time in taking action. This in itself is a substantial step in advance; and it might be wrong to take too seriously the element of uncertainty which has been left embedded in the diplomatic situation owing to the Russian reservation. The Russians have declined to undertake in advance to recognise the belligerency of the two Spanish combatants even if and when the British plan for the withdrawal of non-Spanish troops has been carried out effectively; and the Germans and Italians have declared, perhaps inevitably, on their side that they cannot commit themselves definitely so long as Russia's policy remains uncertain. The Russians, however, have merely retained a free hand, and have not gone to the length of stating positively that they do not intend for their part to grant belligerent rights in any circumstances. Meanwhile, the inquiry in Spain will go forward. The Spanish Government have already declared their willingness to agree to a reciprocal withdrawal; and the insurgents will doubtless be guided by the advice they receive from Rome and Berlin.

* * *

Agents at Salamanca.—At this manifestly critical juncture in the Spanish War, the British Government have taken a step which has delighted the rebel generals and their European supporters and disquieted the legitimate Government of Spain and their democratic friends. Negotiations have been completed for the

exchange of agents between General Franco and His Majesty's Government. Mr Eden had to explain and defend this action in the House of Commons on Monday. He said that while British commercial interests in the territory controlled by the insurgents were very considerable, British official representation was most inadequate. There were no Consuls at either Burgos or Salamanca. To appoint Consuls would have meant giving them credentials and obtaining for them *exequaturs* both of which would have implied at least *de facto* recognition of the insurgents. The device of a Special Agent had been resorted to in the past to provide a channel of communication without recognition, and the Foreign Secretary emphatically declared that there was no change in the Government's attitude towards recognition. This explanation seemed to convince the House of Commons, and there can be little doubt that it was a frank *exposé* of the motives which determined the Government's action. There was no desire to accord a favour to General Franco. Nevertheless, the action has been regarded on both sides as a favour to Salamanca. General Franco himself thought it worth the surrender of captured British ships and the release of impounded iron ore intended for England. Moreover, the effect in Paris has been to raise once again the query whether the British Cabinet would not feel itself more at home on the side of the rebels. These may be unfounded suspicions directed at what is no more than an act of commercial commonsense. But if the British Government finds its actions subjected to suspicious scrutiny, it has only its past—and present—irresolution to blame.

* * *

The Brussels Conference.—The States represented at the Brussels Conference have been taking infinite pains to starve Japan of every pretext for officially taking offence at what they are doing; and the first result of their labours has been a Note—roughed out by the indefatigable M. Spaak during the intervals of the still unresolved Belgian Cabinet crisis—which is a veritable *chef d'œuvre* of this kind of diplomacy. The Note, in its vital parts, consists almost entirely of a list of quotations from two previous communications of the Japanese Government themselves. The Japanese are reminded—out of their own mouths—that they harbour no territorial ambitions with regard to China; that they sincerely desire "to assist in the material and moral development of the Chinese nation"; that they also desire "to promote cultural and economic co-operation" with the foreign Powers in China; and that they intend furthermore scrupulously "to respect foreign rights and interests in that country." It is no doubt adroit thus to profess to assume that Japanese diplomatic statements mean what they say, when all the world knows that, in the Japanese code, they mean precisely the opposite. But this verbal fencing match does not so far look as though it were going to take us a single step towards our goal of bringing the war in the Far East to an end on the terms of justice to which the Japanese will certainly never cease to pay lip-service.

* * *

The latest event at Brussels has been the sudden withdrawal of M. Litvinov. This unexpected move is said to be connected with the raising of the question whether Russia could usefully be represented on a negotiating committee of the Conference if there were a serious prospect of persuading Japan to talk. The answer to that question is presumably in the negative. But then we have also to ask ourselves whether there is any likelihood of Japan entering into negotiations with the Conference even if Russia were to stand—or to be pushed—out of the ring. It would perhaps have been wiser not to have raised the question of the exclusion of Russia until there seemed to be a real prospect of gaining some substantial point thereby. As it is the Conference has taken no decision, and M. Litvinov, though he has departed to Moscow, has declared his willingness to return if needed. There is a persistent rumour in Tokyo that Japan inclines to the idea of accepting her new friend Germany as a go-between. If Herr

Hitler were to accept the rôle of mediator, the terms he would recommend for China's acceptance would presumably not be unfavourable to Japan, and they would also presumably include China's adhesion to the Anti-Communist Pact. There would, of course, be no democratic nonsense about justice. Whether General Chiang Kai-shek would accept such mediation is doubtful. But the Western Powers are not encouraging him to place much reliance on their ability to persuade Japan to conclude a fairer peace than Berlin could offer. His decision, if the choice is offered to him, would be a difficult one, and it would decide more than the fate of China alone.

* * *

Japan's Advance.—There has been movement on both the fronts of the war in China. At Shanghai, the Chinese, battered in front by the superior weight of Japanese metal and threatened on their right flank by a Japanese landing on the coast south of Shanghai, have retired to a new line running roughly north and south between the Yangtse and Whangpoo rivers about eight miles west of the boundary of the International Settlement. The retirement was made in good order, though some troops were cut off in the Nantao district of the city and are faced with surrender, annihilation or internment in the Settlement. The Japanese have thus achieved their primary purpose of clearing the Chinese Army out of Shanghai. In the north also they are approaching their primary objective of occupying all the territory north of the Yellow River. There has been little advance for some weeks on the main front astride the two railways which connect Peiping and Tientsin with the Yangtse valley. But the Japanese right wing is advancing fast in Shansi; and Taiyuan, the capital of the province, was occupied on Monday. It looks as if the military operations will have reached the point at which a pause is possible at about the time that negotiations, under the auspices of Brussels or Berlin, start, if they start at all. The Japanese Army may be content to halt at the Yellow River, to hold its present Shanghai front and to leave the International Settlement alone. But the Chinese commanders and the world at large would be wise to make no assumptions about the limits of the Japanese Army's territorial appetite.

* * *

Military Courts in Palestine.—The Government of Palestine is proceeding cautiously but firmly with its policy of putting down terrorism. The latest step is the establishment throughout the country of military courts. These courts, which are to come into being on November 18th, will each consist of three Army officers and

TRADING ABROAD

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will be competent to try offences relating to shooting; the carrying of arms, bombs, etc.; and sabotage and intimidation. For the first two offences the penalty will be death, and there will be no appeal from the decisions of the General Officer Commanding to the ordinary courts. It is pointed out that this is not martial law, since the jurisdiction of the military is limited. But it is clearly a close approach to martial law, and a grave step to meet a serious situation. Opinion in most countries outside Palestine will support the Administration in any measures which it deems necessary to restore order and to combat terrorism. But one day an agreement will have to be reached with the Arab population of Palestine, and it is very essential that the bulk of moderate Arab opinion should not be outraged by any attempt to combat terrorism with terrorism. The firm administration of law is the right policy; anything savouring of Black-and-Tan methods would be disastrous.

* * *

The French Socialists and the Popular Front.—The happy ending, which we were able to record last week, of the Radical-Socialist Party Conference at Lille has now been matched by an equally happy outcome of the Socialist Party conference which was held in Paris last Sunday. On this occasion, as at Lille, the issue was whether the Popular Front should be kept going by an exercise of self-restraint and moderation or should be allowed to break down as a relief to exasperated feelings. M. Blum this week had to cope with the same wrecking tactics on the part of his left wing, captained by M. Zyromski, that MM. Chautemps and Daladier had been having to face from their right wing a few days earlier. In both the principal partners in the Front Populaire, the recognised party leaders have come down boldly and decidedly on the side of continuing co-operation; and in both cases they have now won the day. The rewards of co-operation and the penalties of dissidence are no doubt so obvious that the preservers of the Front Populaire have not had an unduly difficult task. But M. Blum frankly declared that his task would, as a matter of fact, have been made impossible if the avowedly destructive resolution which was brought forward at the Radical-Socialist conference had been allowed to stand. M. Blum has thus acknowledged a debt to his Radical-Socialist colleagues, and he has promptly repaid it by obtaining from his own supporters a vote in favour of co-operation that accords with the closing resolution of the Lille conference. M. Blum was able to point to the notable and substantial gains in social welfare which the formation of the Front Populaire had already secured and which nothing but its maintenance could guarantee. But perhaps the chief justification for the policy which he successfully urged upon his supporters was to be found in his references to the international situation. On this subject M. Blum spoke as gravely and as gloomily as M. Herriot. The evidence of France's recovery is accumulating; and we may hope to see her new-found strength and self-confidence express itself in a firmer foreign policy.

* * *

The German-Polish Minorities Declaration.—On Friday, November 5th, the Governments at Berlin and Warsaw simultaneously made public the terms of an identical declaration regarding the treatment of the Polish minority in Germany and of the German minority in Poland. On the same day the leaders of the Polish minority in Germany were officially received by Herr Hitler, and those of the German minority in Poland by President Moscicki. The "guiding principles" which the two Powers now publicly recognise as being "mutually acceptable" could hardly be improved upon. No pressure is to be exercised on the young members of the minorities with a view to their denationalisation. The minorities are to have the right freely to use their mother tongue in their social and economic relations, in the press and at public meetings (there is

nothing said about their being free to use it in the law courts or in their dealings with the public authorities). They are to be assured of the right of assembly in their cultural, social and economic relations. They are to be allowed to establish and maintain schools in which the teaching will be carried on in their own languages (there is nothing said about any provision by the public authorities for education in the minority language in the districts which the minority inhabits). They are to have complete religious toleration. And in economic affairs they are to enjoy the same rights as the majorities among whom they live, especially in connection with the acquisition and ownership of property.

* * *

There are two grounds for expecting that both the minorities in question will genuinely benefit to a considerable extent by this, in itself, admirable charter. In the first place, the two minorities are both of them of considerable size and are not greatly unequal in numbers—each of them being now round about a million strong. In the second place, the two national States at whose mercy they respectively live are both of them still desirous of living on good terms with one another. In the preamble, however, there is the somewhat ominous qualification that the two Powers recognise the guiding principles "within the framework of their sovereignty"; and this phrase brings out the width of the gulf that separates the philosophy behind the present German-Polish declaration from that which inspired the minorities protection treaties that formed part of the now so much abused Versailles Diktat. The idea underlying the post-war minorities treaties was that a sovereign State's rights to sovereignty were subject to certain overriding rights of man from which the minorities were absolutely entitled to benefit. The Polish minorities treaty, and the philosophy behind it, were publicly repudiated, however, by the Polish Government as long ago as 1934, on the eve of the admission of the Soviet Union to membership of the League of Nations. Poland has now granted the German minority under her rule (but not the White Russian or the Ukrainian) a charter based on nothing more durable than her—and Germany's—sovereign pleasure.

* * *

Steel Prices Policy.—The success of central control in the iron and steel industry depends, in a large measure, on a sagacious price policy. So far the British Iron and Steel Federation has succeeded in preventing an inordinate marking-up of prices which often occurs under competitive conditions during a period of stringency. Although British prices were raised substantially at the beginning of May, the prices charged in a number of other countries were increased much more. Since prices were last raised, costs of production have advanced further. Thus, between April and October, a representative grade of coke rose from £1 11s. 6d. to £1 16s. 6d. per ton at the ovens. Similarly, freight rates for ore have shown a heavy increase. The Bona-Middlesbrough rate, for example, has risen from 10s. 6d. to 17s. 6d. per ton. In addition, wage rates have increased, though so far the advance has been relatively small. Altogether, it has been established that the cost of production of pig iron has risen by some 10 per cent. since April. Moreover, as supplies of materials have been purchased for some time ahead, the recent decline in foreign scrap and freight rates is not likely to be reflected in the costs of the industry in the near future. Wages, moreover, may tend to rise further rather than fall. Until recently it had been widely anticipated that iron and steel prices would be raised at the turn of the year. In the past few weeks, however, the demand for steel abroad, especially in the United States, has shown a marked decline. Meanwhile, lack of information concerning the future of British prices after the turn of the year introduced an element of uncertainty into business men's calculations and many plans, consequently, were held up. The British

Iron and Steel Federation was thus on the horns of a dilemma. Obviously, a further increase in prices at this stage would have precipitated a decline in demand. Despite the rise in costs since last April, therefore, the Federation has finally decided to leave prices unchanged. Last Monday it was announced that the nine associations covering the main basic steel products had decided to maintain current quotations until the end of next year. On the whole, the announcement has been received with satisfaction in the market, for the assurance of a stable price level for a long period enables industrialists to plan ahead. It remains to be seen, however, whether the industry will be able to hold prices at the current level for so long a period. Much will depend on the course of demand, both at home and abroad, and that cannot be predicted confidently at the present moment.

* * *

The Coal Bill.—The text of the Government's Coal Bill was issued on Thursday evening. It is a long and complicated measure, but interest will naturally be centred on Parts I and II, which deal respectively with the unification of royalties and with the procedure for effecting amalgamation of mines. The total sum to be paid for the royalties has already been fixed by arbitration at £66,450,000. Part I of the Bill provides machinery for allocating this sum among the royalty owners. The royalties are to be taken over by a Coal Commission of five appointed members. They will not be fully vested in the Commission until July 1, 1942, but the Bill authorises the Commission in the interim to formulate schemes for consolidating different leases of single undertakings. The Commission is empowered to borrow the capital sum with a guarantee of principal and interest by the Treasury. This operation should yield a substantial surplus of income to the Commission, since the royalties are valued at fifteen years' purchase, while the Commission's interest and sinking fund payments should not exceed 4 per cent. The Commission may use this surplus to abolish wayleaves, and to reduce individual royalties which are above the average. These provisions of Part I appear, on a hasty first reading at least, to make a workable and equitable scheme. The delay of nearly five years before it can come into full operation is regrettable, but perhaps unavoidable.

* * *

Part II is less satisfactory. It is natural to inquire first of all how much is retained of the Bill which was withdrawn last year as a result of criticism from the Conservative back benches. The defect of the 1930 Act proved to be the long list of requirements that had to be fulfilled before the Railway and Canal Commission was authorised to give an amalgamation scheme legal force. In the 1936 Bill, approval by the Railway and Canal Commission was omitted, and this was the main burden of complaint by the industry. In the new Bill a return is made to the framework of the 1930 Act. Schemes, that is to say, will have to be approved by the court before they come into force. But there is a verbal amendment of the clause providing for this which puts the onus of proof on the objectors rather than the proponents of a scheme. There are also changes in the legal requirements to be fulfilled. A scheme no longer has to be in the national interest—that being adjudged to be a political rather than a legal question. Nor does it have to be established that it will reduce costs of production. The provision that a scheme must be fair and equitable to all persons affected remains; but the clause saying that a scheme shall not be financially injurious to any constituent company is altered to read that it shall be calculated to avoid financial injury to any constituent company. The Coal Mines Reorganisation Commission is amalgamated with the new Coal Commission. The new Bill is thus much closer to the unworkable 1930 Act than to the abortive 1936 Bill. The mineowners, in fact, have won, and the new Commission is likely to prove only a few degrees less ineffective than the old.

Population Statistics.—The text of the Population (Statistics) Bill, which has been issued, does not reveal very much of the precise intentions of the Ministry of Health in collecting additional vital statistics. The Bill empowers the King to direct by Order-in-Council that certain additional facts are to be furnished in secrecy to registration officers by anyone making a registration of birth, marriage or death. Orders may call for information on any of the matters contained in the schedule to the Bill without specific Parliamentary approval. If the Order calls for particulars on any point not included in the schedule, it will require an affirmative vote of both Houses.

* * *

The information listed in the schedule includes the present or former marriages, age, occupation, birthplace, issue, dependants, brothers and sisters of the parents (in the case of a birth) or of the deceased (in the case of a death). This Bill is one to be welcomed. The precise degree of its usefulness will depend upon the contents of the Orders-in-Council to be issued. But the Bill opens the way to a very much-needed improvement of our national vital statistics. The first and most essential matter on which information is needed is the age of mothers at the birth of their children, since this is needed for calculations of fertility, on which in turn forecasts of population depend.

* * *

Commodity Prices Still Falling.—There has been a further sharp fall of the prices of primary products, though some recovery took place during the middle of the week. The price of standard copper, for example, fell from £41 5s. per ton on Wednesday last week to £36 3s. 9d. on Monday, but rose again to £39 8s. 9d. on Wednesday. Other non-ferrous metals showed similar movements. Wool, rubber, linseed oil and wheat also experienced a fall on the week, but raw cotton, after falling on the publication of the American crop forecast, recovered to last Wednesday's level. It is significant that many important primary products, including copper, lead, spelter, tin, rubber, cotton and wool, are now actually cheaper than a year ago. Even the price of wheat at Liverpool last Wednesday (December futures) was slightly lower than a year ago. While the initial decline of prices last spring was in the nature of a corrective movement, the downward trend of recent weeks may be ascribed largely to the recession in the United States, the principal consumer of primary products. If the downward trend continues much longer, and much will depend on the course of events in the United States, it can scarcely fail to have serious repercussions, not only in producing but also in consuming countries. The effect of the decline is already felt by the cotton and wool textile trades, for example, where business has shown a serious decline.

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Too Much Raw Cotton.—The November forecast of the probable yield of the United States cotton crop, at 18.2 million bales, was about 600,000 bales higher than the estimate published a month ago. This year's harvest is likely to be the highest on record, the heaviest crop previously harvested (in 1926-27) having been about 18 million bales. A feature of this year's crop is the surprisingly high yield per acre, estimated at 258.8 lbs. The total area expected to be harvested this year is only 33.7 million acres, against 44.6 million in 1926-27. It is scarcely surprising, therefore, that the current quotation for "American Middling," at 4.63d. per lb., shows a fall of about 32 per cent. on the year. In a large measure this year's surfeit of cotton is a direct consequence of the price policy of the United States Government. The effect of this policy is illustrated graphically by the accompanying diagram, which shows the trend of cotton production in the United States and elsewhere during the past twenty years. Although changes in the yield per acre caused considerable variations in individual years, the United States regularly produced more than half of the world's cotton crop until 1932-33; but, largely as a result of the price-raising measures adopted in America, production elsewhere rose from 10.9 million bales in 1931-32 to 21 million bales this season. It was obvious, therefore, that any substantial increase in America's crop, such as has occurred this year, was bound to bring about a collapse in prices. Short of destroying part of this year's crop, the American Congress, which will meet on November 15th, will have difficulty in finding a solution to this problem, especially as world consumption this season is not likely to exceed 31 million bales while available supplies total more than 51 million bales.

Decline in Employment.—The latest unemployment returns confirm the falling off in the expansion of business activity noticeable during October. In contrast to the movement a year ago, when the number of employed persons aged 16 to 64 in Great Britain showed an increase of 21,000 between September and October, this year the number declined by 47,000 to 11,659,000. Nevertheless, the number employed on October 18th still showed an increase of 464,000 over the corresponding month a year ago. The number of registered unemployed rose from 1,339,204 on September 13th to 1,390,249 on October 18th, but fell by about 166,000 on the year. The figures for the number of insured persons in employment are based on estimates of the total number of persons insured under the scheme which are made in advance month by month from one July to the next. The ascertained figure for July, 1937, shows that the increase since the previous July was much greater than

had been estimated, and the number of insured persons in work in September was actually 11,706,000, instead of 11,599,000 as was previously estimated, the difference thus being 107,000.

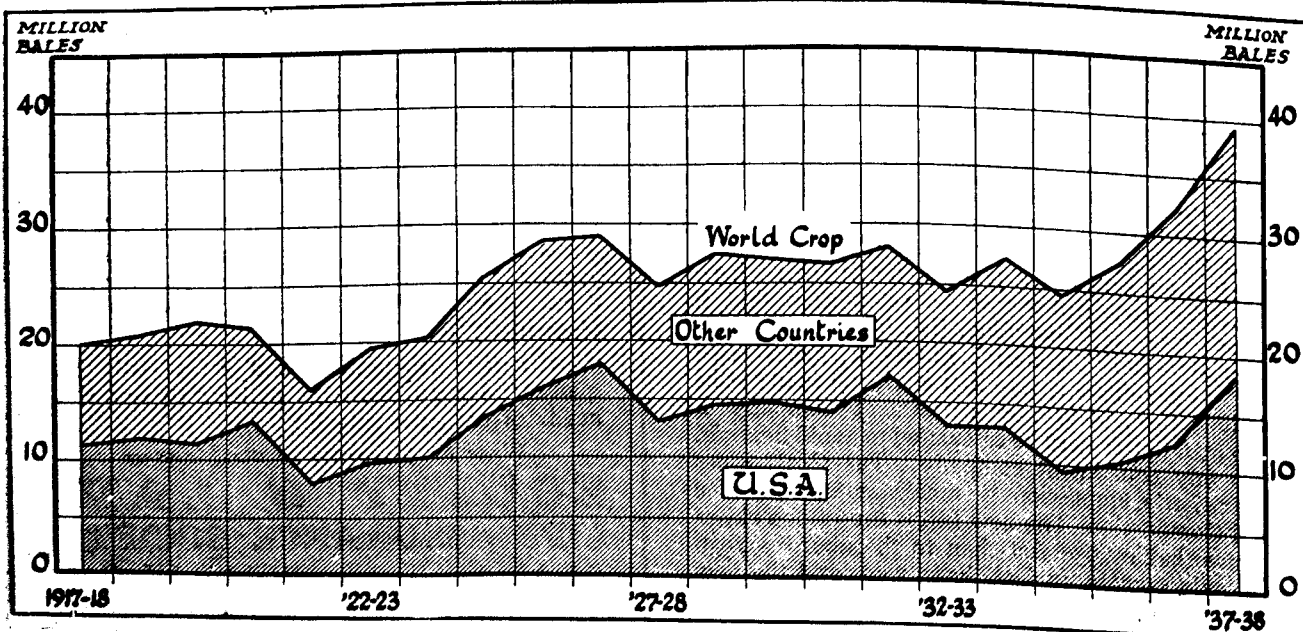
UNEMPLOYMENT BY INDUSTRIES IN GREAT BRITAIN.

Industrial Group	Number in Thousands				Percentage
	Oct. 26, 1936	Sept. 13, 1937	Oct. 18, 1937	Oct. 18, 1937	
Coal-mining	176.7	118.3	114.6	12.7	-5.0
Engineering	80.5	39.8	41.1	5.5	-1.3
Road transport	32.3	20.7	24.5	11.2	-3.5
Shipbuilding and repairing	41.1	37.4	35.7	22.1	-3.3
Building	127.5	115.4	124.3	12.2	-0.2
Public works contracting	117.2	102.8	105.3	36.4	-4.1
Cotton	60.6	48.4	39.4	9.4	-5.0
Woolen and worsted	16.9	23.4	26.8	12.0	+4.0
Tailoring	20.2	30.3	24.3	11.6	-2.0
Hotel, boarding-house, etc., service	73.7	50.1	70.7	16.2	-0.7
Distributive trades	188.4	155.8	171.6	8.4	-0.8
Iron and steel	24.9	19.6	19.5	11.5	-3.2
All persons registered (including other trades)	1611.8	1339.2	1390.2		

Employment has improved in the coal-mining, shipbuilding and repairing, cotton and tailoring industries since September, the most marked increase being in cotton. Of all the industries, only the woollen and worsted trades show a decline since October, 1936.

Business Activity Steady.—While the latest employment returns are not altogether reassuring, this week's news from the principal industrial centres indicates that, apart from normal seasonal movements, business activity remains steady. Pig iron output has risen from 670,300 tons in October, 1936, to 726,600 tons in September and 769,600 tons in October this year. The October figure is a post-war record. The output of steel ingots and castings in October at 1,133,600 tons showed a reduction of 29,400 tons on September, but an increase of 73,100 over the corresponding month a year ago. The announcement that steel prices are to be left unchanged next year has called forth a considerable volume of inquiry, hitherto held up by uncertainty over prices. As the industry, however, still has a large volume of orders on hand, many manufacturers are not too anxious to add to their order books for the time being. The production of coal has increased from 4,883,700 tons during the week ended October 23rd to 4,933,200 tons during the following week, an increase of 472,500 tons over the corresponding week a year ago. Activity in the building and public works contracting industries still continues at a high level. In contrast to the active conditions in the heavy industries, new business in textiles remains small in volume, owing mainly to the sagging tendency of raw material prices.

WORLD'S COTTON PRODUCTION DURING THE LAST TWENTY YEARS



Overseas Correspondence

From Our Special Correspondents

United States

Rally in Wall Street

NEW YORK, November 1.—The strong rally in the share market after the two panic days of October 18th and 19th has been stimulated by one fact and two rumours. The fact was the reduction in margin requirements by the Federal Reserve Board. The Board had prescribed a margin of 55 per cent.—that is, of a purchase of securities costing \$100, the buyer could put up \$55 of his own money and borrow \$45; under the new arrangement, he may put up \$40 and borrow \$60. If the price of the security falls to \$99, his account is "restricted"; that is, he can buy no more, nor can he withdraw any funds. He is not, however, "called" for more margin until his cash equity falls below 30 per cent. of his debit balance—the latter provision being a regulation of the Stock Exchange, not of the Reserve Board.

One of the rumours which has affected the market forecast a sweeping revision of taxes, and specifically of those taxes which weigh directly on the capital market. The other rumour related to the price of gold, and was an echo of last spring: that, if lowering the price of gold was considered an appropriate boom control measure, raising the price of gold was an equally applicable depression control measure.

Decline in Business Activity

Much as the market is under discussion, the real centre of interest is new business. The business indices of the Federal Reserve Board for September are now available, and they show, as was expected, a marked decline.

BUSINESS INDICES 1923-25 = 100. ADJUSTED FOR SEASONAL

	Sept., 1936	Aug., 1937	Sept., 1937
Industrial production (total)	109	117	111
Manufactures	110	118	110
Minerals	102	112	115
Construction contracts (total)	59	63	57
Residential	47	40	38
All other	69	81	72
Factory employment	93.8	102.4	100.7
Factory payrolls	83.6	103.8	100.1
Freight car loadings	75	79	78
Department store sales	88	92	94

The groups in which production had fallen below the level of September, 1936, were among those producing consumers' goods: textiles, meat packing, leather and shoes, and one might add residential building. On the other hand, iron and steel, non-residential building, and the non-ferrous metals were all above the production level of September, 1936. Department store sales, although up in value, were probably down in volume, as prices are substantially higher. As late as September, therefore, the data were still anomalous; although the new capital market for corporate issues had long been moribund, the capital goods industries were relatively thriving; while the consumers' goods industries were lagging, with the conspicuous exception of automobiles.

The probable explanation is that, in the inflation-minded sellers' market of last winter, corporations drew heavily upon such funds as depreciation reserves, working capital, cash, etc., and this gave a spurt in demand that could not be maintained in the absence of an issue market. The relatively unfavourable progress of consumption industries is most easily explained by the fact that a year ago the \$2,000 millions Veterans' Bonus was an influential factor. At all events, the anomaly has now disappeared; in October there was a conspicuous slump

in the capital goods industries; but oral reports still assert that retail trade has been little affected, except in distinctly luxury items.

Imports fall, Exports rise

Another series which throws some light on these questions is the table of imports.

	MERCHANDISE IMPORTS (\$'000,000)		
	1935	1936	1937
January	167	187	240
February	152	193	278
March	177	199	307
April	171	203	287
May	171	192	285
June	157	191	286
July	177	195	265
August	169	193	246
September	162	216	233
October	189	213	
November	169	196	
December	187	245	

In no series does the sellers' market of last winter show more distinctly. Beginning in December, 1936, imports showed a phenomenal increase until the end of March; and then began a recession which has persisted. There was a fall in both volume and price; and it is not greatly affected by seasonal considerations. Nor can one describe this decline in terms of the autumn break in the stock market; goods imported in September had presumably been ordered in early summer. This series illustrates the fact that orders began to recede rather sharply in the spring, while production was maintained against unfilled orders until September, and to some extent until October.

Our export trade shows a similar cyclical appearance, except that as late as September it showed no sign of recession:—

	MERCHANDISE EXPORTS (\$'000,000)		
	1935	1936	1937
January	176	199	222
February	163	182	233
March	185	195	257
April	164	193	269
May	165	201	290
June	170	186	265
July	173	180	268
August	172	179	278
September	199	221	297
October	221	265	
November	270	226	
December	223	230	

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While the spurt in imports appeared in December, 1936, and culminated in March, the spurt in exports did not appear until February, and has persisted. The effect on the merchandise balance shows rather distinctly in these months:—

MERCHANDISE BALANCE			
(\$'000,000)			
(+ = Excess of exports.		- = Excess of imports)	
September, 1936	+ 5	April, 1937	-18
October, 1936	+52	May, 1937.....	+ 5
November, 1936	+30	June, 1937	-21
December, 1936	-15	July, 1937	+ 3
January, 1937	-18	August, 1937	+32
February, 1937	-45	September, 1937	+64
March, 1937	-51		

The persisting decline in imports and the persisting rise in exports cannot be ignored.

In the price structure, in merchandise imports, in the unadjusted index of production, and in what little is known about orders, one can see clearly the waxing of the sellers' market early last winter; its persistence during the winter; and its waning in the spring, with its continued appearance in actual production until the autumn. One can fit this to the stock market: the strong winter market; the decline from March to June; the July rally when heavy industry showed less than the expected summer recession; and the August decline when elation about summer activity faded into disappointment as orders placed months before in the sellers' market were worked off and new orders failed to materialise. As far as it goes, this is a rational and not unsatisfactory explanation; and it is becoming what might be called the standard version. It recognises that the full decline in production not only was not shown in the September data, but will not be fully reflected in October. Projected, it becomes an anticipation of a severe, sharp, but very brief depression—the "V-shaped" depression of the cyclical theorists.

Germany

The Pact and the Powers

BERLIN, November 10.—The entry of Italy into the Anti-Comintern Pact has been greeted with over-jubilation. Sticklers for logic and consistency are hardly so well satisfied as are mere politicians. To the latter the new Triangle is an instrument for strengthening Reich diplomacy in world affairs generally. The former believe that this aim might have been attained by less self-contradictory means. Even in the light of German official and inspired Press statements the Anti-Comintern League contains elements that are inconsistent with one another. One main official thesis is that Bolshevism is specially and exclusively Asiatic; behind this is the demand that Russia should be excluded from Europe. But the Reich's first ally against this "Asiatic" system, it is noted, was Asiatic.

Again, the National-Socialists profess to believe that all democracies, as distinguished from authoritarian countries, are threatened by Bolshevism; and they appeal to these countries to join the Pact. But it is simultaneously asserted that democracy is itself the inevitable stage towards Bolshevism; and even that all democratic countries (with the curious exception of certain "neutral" small countries, some of which, it happens, have actually had "Marxist" Governments) are already Bolshevik. This assertion is not confined to Czechoslovakia or even to France, but extends to Great Britain. The British re-armament programme, in its day, was described under fat headlines as a Bolshevik enterprise, and to-day readers of a solid Berlin newspaper learn that the object of the British Government in taking to broadcasting in foreign languages is to dis-
 seminate Bolshevik propaganda. The mere stickler for logic might ask: If London is asked to join the Anti-Comintern, why should not Moscow also be asked?

The cost-of-living index for October was 124.8, compared with 125.1 in September. Average weekly earnings from wages in industry in June, 1937, are reported to

have been 0.4 per cent. higher than those of December, 1936. Negotiations have led to official reductions of from 5 to 10 per cent. in the prices of proprietary articles, such as domestic electrical goods, radio parts and loud-speakers, cosmetics, pharmaceutical preparations, photographic materials, office articles and fuel oils. The annual estimated saving to consumers is, however, only Rm. 100 millions, of which Rm. 76 millions will be saved in the prices of chemists' goods. Where these proprietaries compete with non-proprietary articles the prices of the latter may be forced down. Since the beginning of the year the decreed or agreed price reductions have brought a saving to consumers estimated at between Rm. 277 millions and Rm. 321 millions.

Dr Schacht and the Four Year Plan

The exact position of Dr Schacht is still a matter for conjecture. The public is not told anything. The Nazi Party's own economic journal which, without admitting any crisis, published an account of intended changes in organisation was confiscated. According to this journal, the Ministry of Economy, together with the other Ministries which are to be subordinated to the Four-Year Plan organisation, will remain. In his statement to the Swiss Press Dr Schacht said merely that he had "requested to be relieved." It would seem that if his request has been formally accepted a new Minister of Economy must be appointed. This can hardly be done without letting the public know that Dr Schacht is no longer Minister. So far as opinion abroad is concerned, publicity has been easier to manage. The gradual filtering through by way of rumour, denial and half-admissions softened the shock of what, had it been suddenly divulged, would have created an international sensation.

The Four-Year Plan is being pressed forward vigorously. Large investments are announced by the Mansfield Copper Company, the Salzdetfurth Potash Company (for the new light metal magnesium), and other concerns. In general these investments are self-financed, new issues being inconsiderable. House-owners are now finding difficulty in getting metal for small repairs; and though dwellings must be painted outside, they may not be painted inside. Certain kinds or dimensions of wood, rope and other necessities cannot be had. As the new restrictions mostly concern goods used in insignificant quantities, the saving effected by this rationing of materials is small.

Busy Industries

Industry is still active; and Christmas trades are reported to be doing well. The Institute for Trade Research estimates that the quantity of the world's production of agricultural and industrial goods in 1936 was 13 per cent. above the high level of 1928-29; of industrial goods alone it was 18 per cent. above the 1928 output, and in the present year will probably be 30 per cent. higher than in 1928. Germany's percentage of the combined agricultural and industrial production of the world is about the same now as it was in 1928-29. The same authority finds signs of a change in the distribution of German foreign trade. Whereas up to now the tendency has been towards reduction of active and passive balances with individual countries and continents, the balances now seem to be increasing.

The goods traffic of the Reich Railway Company in September was 13.94 per cent. higher than in September, 1936. The length of Reich motor roads open for traffic rose in September to 1,559 kilometres. The increase in the employment of women is continuing: out of 931,000 persons added to the number of employed between June, 1934, and June, 1937, some 467,000 were women. The steel syndicates report that manufacturers have now less trouble in getting their rations of materials. In September the export of heavy iron and steel goods again declined considerably, while imports increased. The export of machinery in the first nine months was 303,600 tons, which *pro rata* is 22 per cent. higher than in 1936.

A law promulgated on November 5th deprives persons who have already been deprived of German citizenship (mostly political refugees) and their children

of their rights of inheritance. Such persons may not be given presents, under pain of imprisonment. Persons of German blood are authorised to deprive descendants who have married Jews of their shares in their estates.

Reich receipts from taxation in September were Rm. 1,470 millions, compared with Rm. 1,134 millions in September, 1936. In the first half of the financial year receipts were Rm. 6,790 millions, compared with Rm. 5,521 millions in the first half of 1936: of this increase Rm. 1,052 millions came from direct taxes, and Rm. 216 millions from Customs and Excise. The municipal Citizens' Tax (in reality, an income tax) has been amended mainly in the interest of large families. The income up to which reductions for children are allowed has been raised from Rm. 12,000 to Rm. 25,000.

Latvia

The State in Banking, Trade and Industry

RIGA, October 26.—The Director of the Credit Bank of Latvia recently gave an account of the activities of this State institution, which was founded only a few years ago. He explained how the bank had become a dominant factor in Latvia's economic life. The tasks allotted to the Credit Bank by the Government were of a very extensive character. Besides the granting of short- and long-term loans, the bank was given the right to liquidate independently those private concerns which found themselves in difficulties, to found new commercial and industrial undertakings and to acquire real estate for State requirements. In executing these tasks, banking in Latvia assumed a new character. At the time when the Credit Bank was founded, there were 15 joint-stock banks in Latvia with a total capital of 22.5 million lats, some 68 per cent. of this being foreign capital. To-day, according to the Director, only 7 banks operate with a total capital of 56 million lats, and foreign participation only amounts to 6 per cent. The Credit Bank alone has a capital of 40 million lats.

State monopoly is also to be seen in trade and industry. The following branches of industry have more or less been taken over by the State: heavy industry, building material, electricity, tobacco, brewing, confectionery and textiles. The method is to form limited companies financed by the State, with the intention of distributing part of the shares among private investors. The idea is not so much to found new enterprises as to take over already existing ones, including those working with foreign capital. This policy is doubly justified in official circles: first, it is asserted that it is in the Latvian national interest to suppress the overruling influence of the alien, i.e. of Jewish and German as well as other foreign capital in Latvian trade and industry; and, secondly, it is emphasised that the new undertakings which have been founded with State capital are able to safeguard common interests and not simply the interests of the individuals who founded them. They are alleged to produce better quality goods at regulated prices.

The process of industrialisation which is strongly evident in Estonia is also notable in Latvia. Thus the unemployment of the crisis period has been replaced by a shortage of labour, and particularly of skilled artisans. The employment index for all industries stood at 150 in June, 1937, compared with 135 in June, 1936. The index of production of producers' goods has risen in the same period from 148 to 174 (1930-33=100).

Favourable Price Situation

In the first nine months of the current year goods to the value of 179.2 million lats were exported, while imports were valued at 170.1 million lats. The total value of foreign trade in the first nine months of the current year was 349.3 million lats, compared with 170.5 million lats during the first nine months of 1936. In comparing these figures, however, it must be remembered that the lat was devalued at the end of September,

1936, which caused a considerable rise in some prices. The index of wholesale prices in Riga in July was 105 for imported goods, compared with 82 in July, 1936; and it was 145 for exported goods, compared with 83 (1913=100). The export surplus is partly accounted for by this favourable trend in prices, although the exports of certain commodities, such as timber, considerably exceed those of the previous year in quantity as well as in value. The exchange position has accordingly improved, and exchange for imports has recently been granted with increased leniency. Thus during recent months 45 million lats were granted in cash for imports. It has also become easier to import goods because the Government has lately lowered various customs duties to check the continued rise in prices.

As far as can be ascertained, this year's harvest is on the whole satisfactory, so that the agricultural position, also due to favourable prices, may be considered good. The harvest of rye is estimated at 410,000 tons, compared with 280,000 tons last year, and that of wheat 90,000 compared with 80,000. The harvest of barley and oats was average, while hay showed a slight decrease. The increased purchasing power of landowners can be seen from the fact that the turnover of artificial manures was 20 per cent. higher than last year, and the demand for agricultural machinery was so large that the domestic industry had difficulty in coping with it. Indeed, it was necessary to import additional machinery from abroad. The shortage in labour has made it necessary in rural districts to introduce foreign immigrants, and everything is being done by the Government to speed up the mechanisation of agriculture.

China

War and Flight Capital

SHANGHAI, October 10.—To the economist the Sino-Japanese War presents a unique aspect, since both belligerents up till now have maintained their currencies at par. For Japan the maintenance of the yen at its level of 1s. 2d. has been not very difficult; for her ample currency reserves are used to maintain the equilibrium of her balance of payments, while a close system of exchange control measures—e.g. the limitation of remittances abroad, import control, etc.—is employed to restore an equilibrium already dangerously disturbed before the outbreak of hostilities.

For China more complicated problems arose, as soon as events in North China took a serious turn. In sharp contrast with the wave of patriotism pervading the Chinese middle class, many of the richest Chinese families living in Shanghai displayed a tendency to remove both their capital and their persons from danger. Varying estimates are available of the flight of capital from Shanghai, and it is likely to have carried away more than £10 millions sterling during the first two months of the undeclared Sino-Japanese War.

To cope with this situation the Chinese authorities were unable to fall back on the new-fangled exchange control system *à la Schacht*. Given the extra-territorial status of foreign individuals and foreign banks, any such system would have been ineffective. Accordingly they have developed a system of banking restrictions akin to exchange control. When hostilities broke out in the Shanghai area Chinese banks were enjoined by emergency decree to close their doors. When the banks were re-opened a few days later, restrictions were imposed upon the withdrawal of funds, such withdrawals

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being limited to 5 per cent. per week of the total amount due from the bank on August 12th, such 5 per cent. not to exceed 150 Chinese dollars. In other words, the flight of capital was stopped by immobilising the liquid resources of the nation. These measures may be likened to the partial bank holidays held in Germany in the summer of 1931, before the standstill agreement with Germany's creditors had been arranged.

At the same time, the banks controlled by the Chinese Government refused to sell foreign exchange unless cash was offered in payment. "Blocked" accounts with Chinese banks could therefore not be used for the purchase of foreign exchange. The result of these measures was an artificial stringency of cash, leading to sales of foreign exchange to the Government banks which used the strong position they had secured to raise the exchange value of the Chinese dollar. With large cash disbursements at the end of August, the market situation was again reversed and a fresh demand for foreign exchange developed which was fully met by the Government banks, though at rising prices. With the end of September approaching the demand for Chinese cash resulted in a strengthening of the dollar exchange.

Effects of the Bank Restrictions

While, as a measure of exchange control, the partial bank holidays have thus been fully successful, internally there are now two currencies: cash, i.e. notes issued by the Government-controlled banks; and "clearing" money, called by the Chinese name "Wei-wah" or "Hui-hua." Clearing money is affected by the restriction on its uses and by the uncertainty about its future, since nobody can foresee what emergencies may arise and what further restrictions may be imposed upon this secondary Chinese currency. In view of this a tendency has developed, on the one hand, to sell "Wei-wah" balances at a discount, and, on the other hand, for the Government to find additional uses for "Wei-wah" money, to reduce the discount to a low figure. Thus "Wei-wah" money may be used in certain commercial transactions and for the payment of export duties. While the discount has at times exceeded 5 per cent., it was reduced by the end of September to 3 per cent.

This measure of exchange control, first put into force in Shanghai, has been later extended to Tientsin and other places. The artificial stringency in the money markets which has thus been created has naturally led to serious difficulties for the business which is still left in China. Chinese merchants have found themselves deprived of cash and unable to fulfil their commitments. As a result, foreign importers have been unable to pay cash for their forward exchange settlements, etc. But now business is slowly developing on a cash basis.

A serious situation might arise if the Shanghai area were to be evacuated by the Chinese troops. In that case, the Chinese Government and banks might decide to freeze all Shanghai accounts and thus to isolate Shanghai financially from the rest of the country. To some extent such isolation has already begun, and it is significant that, in contrast with the artificial stringency in Shanghai, the Government-controlled banks in no less than fifteen important cities in the interior of China have already created special credit facilities, in order to replace the banking facilities which have normally been provided by the Shanghai banks.

Canada

Albertan Legislation

OTTAWA, October 22.—The Federal Cabinet has now under consideration three measures, two dealing with the banks and the third with the Press, to which the Lieutenant-Governor of Alberta withheld assent. They have also in their hands a brief submitted by the Alberta Ministry in which it is contended both that this legislation is valid and that the Federal power of dis-

allowance cannot be exercised. The Alberta Ministry proposes that their validity should be referred to the Supreme Court. In August, when two earlier Bills which were disallowed were the subject of controversy, the Aberhart Ministry rejected the proposal of the King Cabinet to refer them to the Supreme Court. In Alberta the Aberhart Ministry has suffered a rebuff by the decision of a judge that the Order-in-Council, laying down that permission must be secured to challenge the validity of its legislation in the Courts, was invalid.

Mr Cordell Hull, the American Secretary of State, has been visiting Ottawa, and it has been taken for granted that he would discuss with Canadian Ministers the project for a triangular readjustment of the trade relations of Britain, Canada and the United States. Since the negotiations were launched very little progress of any value has been made at the Canadian end, and it is an open secret that at least one influential member of the Cabinet is vigorously resisting any abatement of Canada's preferential privileges on apples and other fruit in the British market. On the eve of Mr Hull's arrival, Mr Cahan, an ex-Minister, delivered a bitter attack on behalf of the Conservative party upon the idea that Canada should make any sacrifice of her preferential position for the sake of a country which had penalised Canadian producers by a series of extravagantly high tariffs, like the Fordney-McCumber and Smoot-Hawley measures.

Business Still Active

The approach of winter finds the business community in rather a puzzled frame of mind. The severest stock market slump since the debacle which ushered in the great depression has just taken place, and yet most indices of business activity remain reasonably encouraging. The stock market slump is chiefly responsible for the sharp recession in the Bureau of Statistics' general economic index during the first half of October; standing at 110.6 for the week ended October 2nd, it fell in succeeding weeks, first to 109.1, and then to 106.5. The figures below of comparative data show the general trend.

Week ending	Car-loadings	Wholesale Prices	Bank Clearings	Economic Index
October 17, 1936	77.2	77.1	103.0	113.9
October 2, 1937	84.4	85.2	103.8	110.6
" 9, "	81.6	84.8	101.7	109.1
" 16, "	78.7	84.7	93.4	106.5

In the country districts the sale of the new crops at profitable prices is increasing rural purchasing power; and the movement of miscellaneous merchandise is rather greater in volume than it was a year ago, although the mildness of the autumn has retarded the normal seasonal buying of warm clothing and other goods. The summer tourist traffic, which is estimated to have been about 18 per cent. more valuable to the Dominion than in 1936, has left a great deal of cash at the holiday resorts; and the number of wage-earners is larger than in the autumn of 1936. Figures recently published by the National Employment Commission show that the number of employable persons out of work had in July been reduced to 158,000 compared with 206,000 in September, 1936, a fall of roughly 25 per cent.

The activity of the mining industry is well maintained. During September exports of copper, nickel and zinc were 364,890, 186,605 and 253,146 cwts. respectively, compared with 326,501, 159,485 and 299,099 cwts. in September, 1936. The production of gold was 354,308 fine oz. compared with 316,904 fine oz. a year ago. The volume of new construction for September was also encouraging; the value of new contracts was \$21,715,000 or about 5½ million dollars above the figure for September, 1936. The heavy industries also remain very busy; and the outputs of iron and steel for September were 114,622 and 77,180 tons respectively, compared with 86,077 and 77,180 tons in September, 1936.

Danger Signals

There are, however, certain danger signals which cannot be ignored. For one thing the stock market slump is already beginning to operate as a brake on the purchase of luxury goods, and manufacturers of motors and radios foresee a possible curtailment of their operations. Again, the business community in British Columbia foresees a curtailment of its export trade through the heavy tariff increases which have been applied by the Japanese Government.

Letters to the Editor

Are We Living on Capital?

TO THE EDITOR OF THE ECONOMIST

SIR,—Sir Robert Kindersley's view, with which you concur, that "Great Britain is in danger of eating into her financial patrimony by not keeping her total of overseas investments intact," is very much a "national" view having little regard to the attitude of debtor countries. If a lower interest outgo on the Australian Budget means less investment income on the British Balance of Payments, then what the British rentier loses in income the Australian taxpayer gains.

But you also assume that the reduction in overseas indebtedness means an absolute reduction in investment. Whether investment is absolutely reduced or not depends on the opportunities for profitable reinvestment: in an upward phase of the trade cycle the repayment of overseas investment can be regarded as a preference for investment in Great Britain to investment abroad. The new investment at home could lead to an expansion in exports, which would be met by a willingness on the part of overseas countries to buy, since the income of their nationals would be higher, and foreign exchange formerly required for interest transfers would be available for additional imports.

It comes to this: Shall accumulation lead to investment overseas or to investment in Great Britain? Shall overseas rentiers receive income or shall British rentiers receive income? Investment will be made wherever investment is profitable: it would be a wrong Governmental policy that prevented overseas investment when there was no field for investment at home. The precise significance of a repayment of capital will depend on the trading relations between the countries concerned, the use to which the repaid capital is put, and the effect of the repayment on the debtor country.

Yours faithfully,

G. O. HOSKINS.

Withdean,
Brighton.

The American Constitution

TO THE EDITOR OF THE ECONOMIST

SIR,—It has been suggested that the British public has completely failed to comprehend the American situation. If I may be permitted to say so, this impression is continually given by your comments on American affairs.

It is significant that well-informed people in America, both conservatives and liberals, have been practically unanimous in opposing the President's Supreme Court proposal, and have regarded the battle against that proposal as fairly comparable with the outstanding battles for freedom in the course of English history. There is the same unanimity among thinking Americans in regarding our Constitution as the prime source of American happiness and prosperity.

Yet your editorials and contributed articles would lead an Englishman to think that the American Constitution is an impediment to American progress and American liberties, and that the opponents of the Supreme Court proposal were visionary neurotics, battling over unimportant details of procedure. And your comments on American politics suggest that you would recommend an Alcibiades to deliver America from its Anglo-Saxon traditions.

Let me add that I am far from being a hide-bound conservative; on the contrary, I have long been a Democrat and am one of the immense army of liberals who voted for Roosevelt in 1932. We have suffered shocking disillusion-

The newsprint industry, which has had all its plans laid to secure a substantial increase in the price of newsprint—up to \$50 per ton—for 1938, has become alarmed at the possibility of over-production; and to avert this one of the largest newsprint corporations has cut the working time in its plants from six to five days per week. Meanwhile, the price of \$50 per ton has been put into effect, and the one company which declines to conform to it immediately has agreed to raise its price from \$48 to \$50 in the last half of 1938.

ments as the visionary and totalitarian policies of the New Deal have been gradually disclosed and steadily carried forward, and we do not understand how you could fail to be equally shocked.

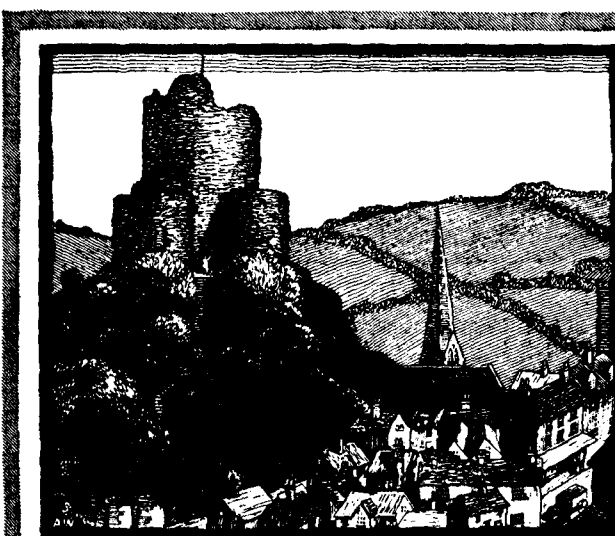
Yours very truly,

CHARLES A. ROBERTS.

New York.

[If Mr Roberts will look back on *The Economist's* comments on American affairs since March 4, 1933, he will find a very large admixture of very stiff criticism of the New Deal. If *The Economist's* judgment on the Roosevelt Administration has had a balance on the favourable side, this has been due, as has repeatedly been stated, to the complete failure of the Opposition to propound a viable alternative.

On the specific issue of the Constitution, *The Economist* cannot fairly be accused of failure to point out the supreme importance, as a political issue, of the Constitutional conflict. We also take the liberty of believing that we do fully understand the grounds of opposition to the President's proposals for Court reform; but we happen to disagree with them. It is not so much American progress and liberties which we believe to be obstructed by some clauses of the Constitution in its present interpretation, as any form of effective government. And we are, with regret, unable to



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consider the Anglo-Saxon tradition as identical with a document largely influenced by French political scientists. That *The Economist's* opinions on American affairs do not always coincide with those of all its American readers is a matter for regret. Where the opinion is based on inaccurate or inadequate information, we have always been glad to publish the correction. But we do not believe that our readers would wish us either to conceal or to alter views which are arrived at with the help of as much information and impartiality as we can contrive.—ED. *Econ.*]

British Banking Principles

TO THE EDITOR OF THE ECONOMIST

SIR,—Mr S. Herszberg states in his letter in your issue of November 6th that the clearing banks do not show separately the figures for current and deposit accounts, but these are in fact made available month by month, and are reprinted in the Bank of England Statistical Summary. Since 1932 the proportion of current to total accounts has shown a tendency to rise to the 1928 level, the average percentages being 49.5 in 1932, 51.3 in 1933, 51.8 in 1934, 53.8 in 1935 and 54.9 in 1936. The percentage for September, 1937, was 55.2.

The statistics suggest that the percentage of deposit accounts rises in depression and falls in prosperity. There

seems little reason why advances should be closely related to deposit accounts. The truth is that "traditional percentages" are not nearly as traditional as they are sometimes thought to be—as an inspection of any pre-war bank balance-sheet would show. Again, the belief that the banks "can so adjust the withdrawal of advances as to coincide with the expiration of the term of their saving deposits" has, one imagines, no real basis in fact.

It may also be asked whether advances are, in fact, illiquid, as Mr Herszberg states, or even whether they are not as liquid, as a group, as investments. Advances are never made for more than six months or a year: a considerable proportion of them must therefore be turned over every month. On the other hand, the capital loss which the banks sustain every time they sell Government securities at the present juncture must militate against the liquidity of their still enormous holdings.

Lastly, Mr Herszberg refers to the temptation to maximise profits. Banking, reduced to its simplest terms, consists, of course, in achieving a balance between liquidity and profitability. Experience shows, however, that the clearing banks have seldom hesitated to prefer liquidity in the last resort (cf. the big increase in 1935 and 1936 in money lent unprofitably at call, with the object of maintaining liquidity).

Yours faithfully,

Peterborough.

A. M. ALLEN.

Books and Publications

Indian Markets

THIS book,* by the Lecturer in Commerce in the University of Lucknow, was written for the degree of Doctor of Philosophy of London University. It was a pity that it could not have been re-written before publication. The information which the author has collected and his own conclusions from it should receive the attention of all who have an interest in Indian policy, while there are a number of descriptive passages to attract the more general reader. But, as the book stands, it has all the appearance, and the disadvantages, of a hastily completed thesis: sentences and paragraphs which distract instead of enlightening the reader; repetition—especially in Chapter V; and a first chapter on the subject of world agriculture, which would have been safer left to the bibliography. The greatest disadvantage

* "Agricultural Marketing in Northern India." By S. A. Husain. Allen and Unwin. 342 pages. 15s. net.

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is in the manner in which opinions and policy have been mixed with fact and criticism. Admittedly there is a difficulty when the foreknown conclusion is for a policy operating "along the whole agricultural front," but this conclusion depends entirely upon a clear understanding of the available information; and Dr Husain's case would have been greatly strengthened if Part II ("Present Conditions") had contained analysis alone—including Chapter XI on "Co-operation"—and all his proposals for the future had been left to Part III on "Problems and Policies." It would then have been easier, too, to distinguish between what is considered vitally necessary and what is merely useful suggestion.

As a book, Dr Husain's work is open to several criticisms, but it is as a piece of research that it must be finally judged, and by its conclusions. The research occupied five years and included a number of personal visits to the various markets for agricultural products in Northern and other parts of India. The result is to be seen in the chapters on marketing procedure and finance, which make most interesting reading, and in Chapter VIII, where the particular problems attached to the staple commodities of Northern India—wheat, rice, sugar-cane, oilseeds, cotton and jute—are carefully examined.

For a long time to come, Dr Husain argues, expansion of Indian industry will mostly provide increased scope for specialised and labour-saving machinery: the solution of the population problem will have to depend upon agricultural developments. Improvement of methods, he continues, though very necessary, will, alone, be inadequate: marketing is an integral part of production, especially when, as at present, there is no market for improved products even when they are forthcoming. Indeed, he goes on, all the agricultural problems of India—indebtedness, poverty, unorganised production, inefficient distribution—as well as production and marketing, are interdependent. Therefore, the patchwork methods of the past must be replaced by a co-ordinated and continuous policy dealing directly with the peculiar problems of Indian agriculture and of Indian peasant psychology. In his view, an extensive programme of education, propaganda and reform is required which will include improvements in cultivation—seeds, implements, fertilisers, irrigation schemes; the development of road and rail transport; the abolition of octroi duties; the imposition of uniform weights and measures; and the standardisation and grading of agricultural produce. Even this, he urges, will not alone be sufficient. The provincial legislatures, backed by the

central authorities, will have to establish new regulated markets and a whole network of godowns and licensed warehouses, before controlled movement of agricultural produce from the farm to the wholesale markets and consuming centres can take the place of the present feverish seasonal activity.

Dr Husain is an optimist, envisaging the time when the problem of India's lost wheat exports will be solved by home consumption, and many will cavil at his slight handling of the question of finance, at the number of boards, committees and inspectorates which he proposes, and at his ideals of co-operation. But his book will remain a challenge—to action or to refutation.

Shorter Notices

"Afterthoughts: A Sequel to Back from the U.S.S.R." By Andre Gide. Translated by Dorothy Bussy. Martin Secker and Warburg, Ltd. 1937. 120 pages. Price 2s. 6d.

The prompt appearance of an English version (excellently translated, as was the preceding volume) of Gide's second book on his experiences in the U.S.S.R. is very welcome. It is, in the main, a reply to criticisms provoked by his earlier book, which, as he remarks, was received by the Left very much as his book on the French Congo had been received by the Right. As in the Congo, so in Russia, it was only after he had escaped from official guides and official statistics, "and decided to travel on foot and alone, so as to fill six months in which to get into direct contact with the natives" (he was accompanied during the whole time by friends who knew Russian), that he began to see things clearly. In spite, however, of his distrust of statistics (for which he has often been reproached), he produces several well-chosen and well-authenticated ones, which—particularly on the subject of education—will probably be as unwelcome to his critics as "justice" was to Shylock when it finally came to him. What disturbed him most was to discover, not merely the persistence, but the perpetuation of what he had hoped (and mainly because of that hope had called himself a Communist) that Communism was abolishing—privilege and inequality.

"Dieci anni di Economia Fascista: 1926-1935." *Annali di Economia*, Volume XII. Cedam, Padua. 577 pages. 100 lire.

This is a series of lectures on Italian economic policy in the last decade, some expanded into substantial essays and some not, delivered by well-known Italian economists. Some contain a great deal of valuable information, others are fascinating simply as studies in propaganda. Professor Masci's essay on agricultural policy belongs to the first group; and Signor Luzzato-Fegiz' rhapsody about population to the second. The book as a whole is to be recommended as a collection of evidence about Fascism and Fascists.

Books Received

Soviet Communism: A New Civilization. Second enlarged edition. By Sidney and Beatrice Webb. (London) Longmans, Green & Co. 2 vols. 1,326 pages. 35s. net.

The Economic Policy of France. By Hon. George Peel. (London) Macmillan. 242 pages. 8s. 6d. net.

The Official Year Book of New South Wales, 1934-35. (Sydney) Bureau of Statistics and Economics. 940 pages. Cloth, 7s. 6d.; Paper, 5s.

The North Atlantic Fisheries Year Book, 1937. Edited by A. St. H. Tysser and J. L. Garbanati. (London) British-Continental Press, Ltd., 80, Fleet Street, E.C.4. 286 pages. 5s. net.

The Foundations of Economics. By G. E. Houghton. (London) P. S. King and Son, Ltd. 107 pages. 5s. net.

Magyar Biztosítási, 1937-38. Edited by E. A. Török. (Budapest VI) 43, Vörösmarty-utca. 357 pages. 12 pengos.

The Carriage of Goods by Sea Act, 1924. Fourth Edition. By Sanford D. Cole. (London) Pitman. 138 pages. 7s. 6d. net.

Money and Banking. Sixth Edition. By J. T. Holdsworth. (London) D. Appleton-Century Company. 614 pages. 15s. net.

India and the Pacific. By C. F. Andrews. (London) Allen and Unwin. 224 pages. 3s. 6d. net.

Problems of Town and Country Planning. By Sir Gwilym Gibbon. (London) Allen and Unwin. 200 pages. 5s. net.

Timber as Alternative to Steel: Its Structural Uses To-day. A Review and a Plea. (London) Ivor Nicholson and Watson. 32 pages. 1s. net.

The Canada Year Book, 1937. (Ottawa) J. O. Patenaude, King's Printer. 1126 pages. \$1.50.

La Conjoncture des Cours de Valeurs Mobilières, de leurs Dividendes et des Taux d'Intérêt en Belgique de 1830 à 1913. By J. M. Drappier. (Louvain) Etablissements Fr. Centerick. 66, Rue Vital Decoster. 63 pages. 20 frs. or 3s., including postage.

Will Gold Depreciate? By P. Einzig. (London) Macmillan & Co., Ltd. 178 pages. 7s. 6d. net.

Organizing a Sales Office. Second edition. By L. Urwick and others. (London) Pitman. 181 pages. 10s. 6d. net.

The Fight for the Charter. By Neil Stewart. (London) Chapman and Hall. 272 pages. 6s. net.

Official Publications

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

Department of Overseas Trade. No. 681. *Report on Economic and Commercial Conditions in Algeria, 1936.* 9d. net.

Customs and Excise Tariff of the United Kingdom in operation on August 1, 1937. 1s. net.

Colonial Development Advisory Committee: Eighth Annual Report, April, 1936-March, 1937. Cmd. 5537. 6d. net.

Customs Tariffs of the Colonial Empire. Part II. Eastern Mediterranean and Pacific. 3s. 6d. net.

Colonial Reports. No. 1801. *State of Trengganu, 1936.* 2s. net.

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THE ECONOMIC POLICY OF FRANCE

BY

THE HON. GEORGE PEEL

AUTHOR OF "THE FINANCIAL CRISIS OF FRANCE," ETC.

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THERE is more than one reason why the British Public should be closely informed as to the economic policy now being pursued by France. Since the War, the fiscal relationship of France and Great Britain has grown much more intimate than before, and there is every sign that this will be the case increasingly in the future.

Next, owing to political developments on the Continent, the stability of the French Republic is steadily becoming of more consequence to ourselves. But the stability of that Republic reposes ultimately upon the soundness of its economic system.

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MONEY AND BANKING

Gold and the Dollar

DURING recent weeks the bullion and foreign exchange markets have taken a new turn. No longer is the franc subject to pressure, but instead the dollar has persistently weakened, until a few days ago the sterling rate was over \$5 for the first time for more than a year. Simultaneously a new demand for gold in the London bullion market sent the sterling price up early this week to a premium of 17d. per ounce over the New York shipping price. And a shipment of gold has been arranged from New York to Paris—a movement which only a few weeks ago would have appeared incredible. Gold is also coming to London, while there have probably been other gold transfers from the American Stabilisation Fund, made under ear-mark.

The recent course of events is illustrated by the following table:—

	New York Exchange	London Bullion Market			
		Amount of sales	Price per oz.	Premium	
	\$ to £	£'000	s. d.	d.	
October 28	4.95½	697	140 7	3½	
29	4.96½	436	140 6½	4	
30	4.96½	297	140 4½	5	
Nov. 1	4.96½	317	140 5½	4½	
2	4.96½	337	140 6½	5	
3	4.96½	424	140 7	6½	
4	4.97½	464	140 6½	9	
5	4.99½	473	140 6	11	
6	5.00½	829	140 4	15	
8	5.02½	1,085	140 0½	17	
9	5.01½	1,043	140 0	16	
10	4.99½	590	140 2	13½	
11	4.99½	440	140 1½	11	

It will be seen that the depreciation of the dollar and the widening of the gold premium have proceeded *pari passu*, while the volume of gold dealings in London has also risen to much above the normal. There is a direct connection between these movements, ultimately traceable to the recent collapse of American share prices and the downward trend of business in the United States. These developments have inspired fears on the Continent that President Roosevelt may be tempted to devalue the dollar in terms of gold still further in the direction of the present statutory lower limit of 50 per cent. of its pre-1933 gold parity. This would leave room for a new American price of gold of anything up to \$41.40 an ounce, against the present price of \$35 per ounce.

The result has been a sudden flight of hot money out of dollars and into gold. As the United States authorities do not sell gold to all and sundry, but only to the central banks or Exchange Funds of other countries, it is not possible to buy gold for dollars in New York. The main demand for gold has thus fallen upon the London bullion market, and dollars have been sold for sterling to pay for the gold. The widening of the gold premium to 17d. per ounce is due primarily to this new demand, but it also reflects the efforts of the British and American authorities, working in co-operation, to keep this new movement under control. Their position may be readily appreciated. The present demand is far in excess of the current supply of new gold and can be satisfied only out of existing hoards or by sales of gold by the authorities. The latter, evidently, were prepared to sell it, though they have demanded a premium. Presumably they fixed their price so high in order definitely to discourage the movement out of dollars into gold, and to give as much support as possible to the dollar.

Is there any conceivable substance in the rumour of an impending fresh devaluation of the dollar? There

are many reasons for thinking such a move by President Roosevelt unlikely. Devaluation of a country's currency in terms of gold may be undertaken for any one of several reasons. First, the national gold reserves have been exhausted by a long-continued drain of funds abroad. Such an explanation would be absurd in the case of the United States, which is the largest gold holder in the world. A second reason might be a desire to write up the country's stock of monetary gold so as to enlarge the credit base. This again seems inapplicable to America's case. The whole trend of American policy until recently was to narrow the credit base and to eliminate redundant credit by increasing the minimum reserve requirements of the member banks. Even so, member banks' excess reserves still amount to \$1,000 millions, while rediscounts at the reserve banks are only \$24 millions. The credit base certainly seems wide enough for most purposes, even if the downward trend of business inspired the authorities with a desire to enlarge it. The simplest course of action would be for them to revise their recent policy and reduce the reserve requirements of the member banks; a course which might be equally effective and far less disturbing than a fresh devaluation of the dollar.

A final cause of devaluation is the over-valuation of a currency in terms of other currencies. There is no evidence whatever that the dollar is over-valued to-day. Even if it were, devaluation would be contrary to the Tripartite Agreement, since it would be tantamount to competitive currency depreciation. There is no ground whatever for suspecting Washington of such a breach of faith, which would injure America in the first place. For it would destroy the whole basis of her growing desire to co-operate in world economic affairs and, incidentally, would aggravate the problem of fugitive "hot money." Altogether it seems as safe as anything can be in this world to dismiss the rumour of a fresh devaluation of the dollar as groundless.

The new gold rush, however, following as it does the gold scare of last summer, makes one thing clear. Gold, like the dollar and the franc, seems likely to have its own ups and downs and to be, like them, from time to time the victim of the ebb and flow of hot money. The authorities already seem to have realised that, as they are the main holders of the world's available gold supplies, they both can and should intervene in the bullion market no less than in the foreign exchange markets. When gold was offered during last summer's scare they bought freely. When gold was in demand this month they sold, but only at a stiff price. By thus off-setting sudden movements into or out of gold they may claim to have done their best to minimise fluctuations in the exchanges. Every purchase of gold involves a sale of currency.

The moral of the episode, if it has one, is that sudden rushes into or out of gold are one of the irritants due to the instability of currencies and the world's economic affairs generally. To eliminate them we must exorcise their causes and absorb excessive supplies of liquid and fugitive capital into the normal channels of investment. International lending has now been practically at a standstill for nearly ten years. If confidence could be restored investment would revive both at home and abroad, and this problem of hot money would disappear. Meanwhile, gold's present vagaries have nothing to do with its intrinsic value or its suitability as the world's ultimate currency basis.

Financial Notes

Treasury Bill Issues.—The steady increase in tender issues of Treasury bills from £573 millions in September to £612 millions to-day may appear to call for some comment, but actually it is a perfectly natural movement. Since the end of September the floating assets of the departments, consisting of Ways and Means advances and tap issues of Treasury bills, have shown little net change. They fell from £332 millions on September 25th to £310 millions three weeks later, but have since risen again to £328 millions. The real explanation of the increase in the tender issue over the whole period is the expansion in the floating debt, which since September 25th has risen from £907 millions to £940 millions. This in turn is purely a seasonal movement, for during the same period the revenue deficit has increased from £93 millions to £127 millions, or by almost the same amount as the increase in the floating debt. Over the financial year to date, the nominal floating debt has increased by £242 millions, but £200 millions of this represents last June's addition to the Exchange Equalisation Account. Apart from this, there has only been an increase of £42 millions, the reason being that most of the deficit to date has been offset by the May issue of £100 millions of National Defence Bonds. A year ago the deficit to November 7th was £104 millions, or only £23 millions less than the current deficit. Thus the bulk of the money raised in National Defence Bonds has so far not been required to meet this year's greater discrepancy between revenue and expenditure. Instead, it has been used to lessen the normal increase in the effective floating debt.

October Clearing Bank Returns.—The October returns of the ten English clearing banks show a reduction since September of £3.6 millions in cash. Call and short loans, on the other hand, have risen by £2.3 millions and discounts by £15.4 millions. All these movements are traceable to the steady growth in the volume of Treasury bills issued by tender. Part of the proceeds of these new bills were during October accumulated in public deposits at the Bank of England. Hence the decline in clearing bank cash, while the month's increase in discounts shows that the banks have taken their share of the new bills:—

	Oct. 1936	June 1937	July 1937	Aug. 1937	Sept. 1937	Oct. 1937
Capital and reserves.....	131.8	132.5	132.5	132.5	132.5	132.5
Acceptances, etc.....	102.9	124.1	122.1	116.1	114.2	115.6
Deposits (including undivided profits, etc.)...	2,243.3	2,255.1	2,255.6	2,245.9	2,249.8	2,275.2
Total liabilities.....	2,478.0	2,511.7	2,510.2	2,494.5	2,496.5	2,523.3
Cash.....	223.6	237.7	231.8	231.0	234.3	230.7
Cheques, balances and items in transit.....	80.4	73.0	63.7	64.6	60.1	62.9
Money at call.....	158.9	166.2	157.9	156.7	157.4	159.7
Discounts.....	349.2	257.5	280.7	275.8	279.2	294.6
Investments.....	640.0	638.2	631.7	630.4	626.0	624.6
Loans and advances.....	872.9	947.4	954.7	952.6	957.5	967.3
Investments in affiliated banks.....	25.2	23.5	23.5	23.5	23.5	23.5
Cover for acceptances, premises, etc.....	147.8	168.2	166.2	159.9	158.5	160.0
Total assets.....	2,478.0	2,511.7	2,510.2	2,494.5	2,496.5	2,523.3

October witnessed a further increase of nearly £10 millions in advances. This expansion, together with the decrease in cash and the increase in discounts, obviously limited the banks' powers to hold investments, and so it is not surprising that this item is slightly smaller than in October. Deposits have increased by £25.4 millions, so that the aggregate cash ratio has fallen from 10.4 to 10.1 per cent.

The Foreign Exchanges.—The market this week has been overshadowed by the movements of the dollar. For reasons discussed in the leading article on the previous page, the dollar steadily depreciated until on Monday sterling momentarily rose to \$5.03. This movement continued in the face of official support for the

dollar. Gold shipments from New York of \$10 millions to France and \$5 millions to England have officially been announced, and according to a New York estimate, the total losses of the Stabilisation Fund whether through shipments or ear-marking, amount to \$150 millions. London regards this estimate as an exaggeration, but it is conceivable that the total American gold losses have been considerable. Since Monday, however, the dollar has rallied, until by mid-day Thursday sterling fell to \$4.99½. Simultaneously, the premium in the London bullion market has narrowed to 11d. per ounce, so that it is clear that the pressure is subsiding. President Roosevelt's conciliatory attitude towards the American utilities on Wednesday did something to hold the dollar, while the action of the authorities on both sides of the Atlantic must have had a steadying influence. Meanwhile, French francs have remained very steady, at about Frs. 147. The arrival of gold from New York will have a good psychological effect, but it is questionable if there is much improvement in the franc's underlying conditions. Other continental currencies have remained steady. The belga is slightly weaker, but on the whole has maintained its strength in spite of the absence of any government in Belgium.

The Bank Return.—This week there is a slight contraction in the note circulation, and a still smaller increase in the reserve. These movements are due to the return of currency after the end of the month, but they are smaller than might have been expected, and there has been a net increase in the note circulation during the past fortnight.

	BANK OF ENGLAND				
	Nov. 11, 1936	Oct. 20, 1937	Oct. 27, 1937	Nov. 3, 1937	Nov. 10, 1937
Issue Department:—	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Gold.....	248.7	326.4	326.4	326.4	326.4
Note circulation.....	446.6	484.3	483.1	485.9	485.6
Banking Department:—					
Reserve.....	62.9	43.7	44.9	42.1	42.4
Public deposits.....	14.9	29.8	32.2	30.3	30.7
Bankers' deposits.....	98.0	89.3	87.7	89.4	90.9
Other deposits.....	41.6	36.3	36.6	36.6	36.1
Government securities.....	80.4	99.6	100.2	103.4	103.9
Discounts and advances.....	8.6	6.5	8.1	7.8	8.4
Other securities.....	20.3	23.2	20.9	20.7	20.7
Proportion.....	40.7%	28.1%	28.6%	26.9%	26.8%

Movements in the banking department are also unexpectedly small. A week ago the absence of any drop in public deposits was due to the absence of Treasury bill maturities on November 1st and 2nd, but this week there was only the usual Monday absence of maturities, and so this explanation no longer applies. Even so, public deposits have fallen by less than £2 millions, while bankers' deposits have also risen by very little.

The Money Market.—The Bank Return shows that bankers' deposits are little higher than a week ago, and on several days of this week there was calling by one or other of the clearing banks. This occasioned a fair afternoon demand for loans, but conditions remain fundamentally unchanged. Christmas currency withdrawals will only begin to make themselves felt in three weeks' time, and until then the usual ease is likely to continue.

	Oct. 20, 1937	Oct. 28, 1937	Nov. 4, 1937	Nov. 11, 1937
Bank rate.....	2	2	2	2
Clearing banks' deposit rate.....	1½	1½	1½	1½
Short loan rate:—				
Clearing banks.....	1½-1*	1½-1*	1½-1*	1½-1*
Others.....	1½	1½	1½	1½
Discount rates:—				
Treasury bills.....	1½	1½	1½	1½
Three months' bank bills.....	1½-1*	1½-1*	1½-1*	1½-1*

* Loans against Treasury bills and other approved bills and British Government securities within six months of maturity; 1 per cent. Treasury Bonds and other gilt-edged stocks within six months of maturity; and other collateral respectively. The banks have been keen buyers of Treasury bills, for all dates up to and including the first three days of February. Last week's tender rate was practically unchanged at a fraction over ½ per cent.

THE STOCK EXCHANGE

Argentine Railway Prospects

ARGENTINE railway results for 1936-37 have surpassed those of any year since pre-depression times. True, the dividendless ordinary stockholder might still greet this statement with a wry face, for recovery so far provides no assurance of an immediate—much less permanent—re-establishment of his stocks to the dividend list. Yet, measured by the semi-depression standards which have been typical of recent years, each company registered a striking advance last year. How far can this improvement be regarded as a decisive change? Have the companies solved their depression problems? What prospects does the current year hold for the marginal shareholder?

These questions may be answered, in part, from the table which appears at the foot of this page. It compares the main traffic, operating and revenue movements of the four principal lines last year with those of 1935-36 and with the last pre-depression year—1928-29. The first section of the table sets out the physical movement in traffics and the equivalent sterling receipts. The second traces the corresponding movement in direct operating expenses. For this comparison, we have excluded renewal provisions from the totals for maintenance of permanent way and rolling stock. Such provisions, of course, are included under the heading "Working Expenses" in the revenue section of the table. Exchange losses are not separated, but are taken into account in computing the sums earned for fixed charges. The earnings cover calculations are self-explanatory in principle, but are further clarified in footnotes.

The main story of our comparative table is clear. Both B.A. Great Southern and B.A. and Pacific increased their gross receipts by nearly 11 per cent., B.A. Western by 6½ per cent., and the Central Argentine, blessed by Nature's bounty, by no less than 25 per cent. Translated into net receipts, these improvements are greatly magnified. The Central Argentine net increase exceeds 56 per cent., while the other three lines show an improvement of around 25 per cent. Working costs, during a year of better traffics, have been kept surprisingly low. Here, at any rate, are positive fruits from the depression—particularly important for B.A. Great Southern and B.A. Western, whose joint management is now providing appreciable economies.

The detailed financial results of the companies have

already been reviewed in *The Economist*. But before we relate them to the current year's prospect, investors may consider two factors which will again affect dividend policy this year—exchange charges and renewals provision.

Exchange charges have fallen heavily upon the railway's profits. If exchange losses had been eliminated, earnings for B.A. Great Southern ordinary would have ranged from 1.1 per cent. to 4.1 per cent. since 1934. There is, however, some advantage in analysing the exchange problem in greater detail. The railways convert their peso operating figures into sterling on the basis of the old parity of 11.45 pesos to the £ as a first step. If they remit net revenues to purchase materials or to pay interest and dividends, at the current rate of 16 pesos to the £, more than one-third of the "parity" sterling earnings is immediately absorbed to cover the peso depreciation. If, instead, the companies had habitually translated their peso income into sterling at current rates, such book adjustments would not be required, although net profits would be the same.

Exchange differences also arise in the conversion of current peso assets and local capital expenditure into sterling. But, if an improvement of the current value of the peso occurs, past provisions against current assets become excessive. For this reason, the railways' accounts for 1934-35 and 1935-36 showed fairly substantial credits in respect of this second type of exchange adjustment. These sums, in short, can be recouped as the peso improves, while the first type constitutes a permanent accounting adjustment.

This distinction is important. Unless the peso returns to its old sterling parity, some exchange provision will always be required. In the last resort, however, the prospect of exchange relief rests with the Argentine Government, whose currency powers are sovereign. It may be argued that Argentina, bound by the Anglo-Argentine trade agreement and freed from the domestic difficulties which beset a presidential election, might well pursue the principle of "greater eligibility" in the matter of exchange facilities for British enterprises. It might be possible to prove that the control has kept the peso at an artificially low level, that the Government's exchange profits amount to an indirect tax, and that a natural rate reflecting the current trading improvement would be more advantageous to British

companies and also to the Government. The gravamen of the charge against the Argentine Government rests upon such proof; but the argument can scarcely be extended to a demand for automatic return to the old sterling parity.

The second general factor which links the past year with the present is renewals policy. Two companies—the B.A. Great Southern and B.A. Western—having disappointed the expectations of their second preference stockholders, showed that earnings sufficient for full payments had been made in each case, but had been shared between dividends and renewals provision. The companies, in fact, have made a definite approach towards "normal" renewals provisions during the past year. During the depression the available cloth made an extremely skimpy coat. We set out in the following table the renewals allocations of each company during the past three years, and for 1928-29:—

	1928-29	1934-35	1935-36	1936-37
B.A. Gt. Southern	662,292	242,987†	86,705†	282,336*
B.A. Western	274,619	81,096†	106,407†	49,072*
Central Argentine	1,195,610	314,096*	274,490*	977,409*
B.A. and Pacific	706,533	20,073*	326,000*	281,349*

* From revenue. † Not provided from revenue.
‡ Of which £120,000 from revenue.

Stockholders will approve larger renewals provisions while earnings improve, although the physical state of the companies' properties—and particularly their rolling stock—has apparently suffered less severely during depression than some observers feared. But both the exchange and the renewals factors set a limit to the marginal stockholder's prospects for the current year.

We may now discuss the broad outlook for each company, taking B.A. Great Southern first. Sir Follett Holt has stated that, after making allowance for increased costs of materials—particularly rising coal and freight charges—and assuming unchanged renewals provision, an increase of 7.4 per cent. in gross currency receipts would cover preference payments in full, while an additional 5 per cent. would produce 1 per cent. earnings for the ordinary stock. These estimates, which assume no change in exchange facilities, allow the marginal stockholder to gauge his earnings prospects from the course of traffics. To date, peso traffics have increased by 3.1 per cent., but the big wheat movements belong to the second half of the company's year. From present crop reports it is reasonable to expect a normal season in the company's district. But the crop risk is always the major factor dominating the Argentine railway market, and the falling tendency of commodity prices might attack grains next. In these circumstances the 6 per cent. second preference stock, on which a half payment was made last year, appears fairly confidently valued at 53½, to yield £5 12s. per cent., compared with a yield of £7 16s. per cent. on the first preference stock at 64. Greater equality, indeed, is shown by a comparison of B.A. Western preference stocks. The 5 per cent. issue, at 72, and the 4½ per cent. second issue (on which 3½ per cent. was paid last year) at 51½ yield respectively £6 19s. and £6 16s. per cent. Full preference cover would require an increase of 3½ per cent. in gross receipts (the increase to date is 7½ per cent.), while the relatively low-gear ordinary stock would require a further 8½ per cent. traffic increase to cover 1 per cent. earnings. Broadly similar crop conditions apply to this company, subject to the recent frosts, but its interest in maize and livestock is important.

Last year's exceptional maize carryings on the Central Argentine Railway almost prohibit a measured estimate of the current year's prospect. It is early to judge the outcome of the maize harvest, except that the area sown appears to be larger. And the market may be superficially depressed by the traffic comparisons, for the smaller maize tonnages carried-over rule out the bumper weekly returns of a year ago. The valuation of the preference stocks is further complicated by the cumulative rights of the second preference stock. The 4½ per cent. issue at 51 yield 8.8 per cent. The second, at 73½, after allowing for three years' gross arrears, yields over 10½ per cent. The market evidently recognises that such arrears can only be overtaken gradually.

B.A. and Pacific is the Cinderella of the four. Its first and second debenture interest is met, but arrears of interest on the junior stocks, and the corresponding Argentine Great Western stocks still total over £6 millions, after the arrears payments made last year. Two potential developments may be in store for the company. A Government offer of purchase might be made, although stockholders would hope that the experience of the Cordoba company would not be repeated. Or, as Lord St. Davids suggested at this week's meeting of the Argentine Great Western Railway, some capital rearrangement may be effected when the present moratorium expires next summer. But if the second preference stocks of the other lines have become, in a permanent sense, the equity stocks, in this case the Consolidated and 1912 debentures represent what equity remains, while the preference and ordinary stocks rank for purely token treatment.

In fine, the Argentine railway ordinary stockholder has watched the railways return to some degree of prosperity with no benefit to his own pocket. Making the best assumptions regarding the current year, our diagnosis suggests little improvement for him. And no one can foretell, with commodity prices falling, what fate may have in store for the Argentine. The moral is clear. In these circumstances of relative prosperity, the preference stocks are still marginal, and the second preference stocks even vulnerable. The current year may prove a fair one for Argentine preference stockholders, but it promises no speculative opening for the bulls.

Investment Notes

Unquiet Markets.—For technical reasons, if for nothing else, some modest recovery in the stock markets both of London and of New York should now be just round the corner. In fact, although the week opened badly, there was a better tone in mid-week when Wall Street read into President Roosevelt's reported attitude towards the utility companies some evidence of a change of heart in its worst enemy. But the indomitability of Mark Tapley himself would be sorely tried in a market whose environment is bounded on the one hand by an uninterrupted fall in commodity prices, and on the other by a rush from the dollar into gold. Mr Chamberlain, who fills the rôle as well as any man, himself went so far as to admit trade recession as a conceivable hypothesis, in his Guildhall speech. Meanwhile, business reports from America seem to many investors to put that contingency into the present indicative rather than the subjunctive mood. At home, steel activity is better maintained than in America, but neither the latest unemployment figures nor the railway returns make comfortable reading.

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ARGENTINE RAILWAY RESULTS

Company (years to June 30 1937)	TRAFFIC MOVEMENTS				EXPENSE ANALYSIS			GENERAL REVENUE RESULTS					EARNINGS COVER			
	Passen- ger Receipts	Goods and Live- stock Receipts	Goods carried	Live- stock	Loco and Traffic running	Way and works main- tenance ††	Rolling Stock main- tenance ††	Gross Receipts	Working Expenses †	Net Receipts	Earned for fixed charges ‡	To or from res. etc. §	Deb. cover **	Pref. cover *	Earned for Ord. *	Paid on Ord.
	£	£	Tons	No.	£	£	£	£	£	£	£	£			%	%
B.A. Gt. Southern compared 1935-36 with 1928-29	2,699,078 +7.6% -14.0%	8,605,573 +11.5% -16.2%	8,500,691 +19.7% +2.3%	8,940,677 -5.2% +0.2%	4,122,418 +0.7% -9.3%	720,964 +2.1% -32.6%	1,545,636 +2.1% +35.6%	10,992,266 +10.9% -15.9%	7,611,182 +5.1% -13.1%	3,381,084 +26.2% -21.6%	1,714,604 +46.9% -57.1%	-10,474 +2,757 +3,432	1.58 1.08 6.22	0.87 0.59 8.1	Nil Nil 8.1	Nil Nil 7
B.A. Western compared 1935-36 with 1928-29	814,514 +9.1% -30.2%	2,525,536 +5.8% -28.9%	2,188,343 +10.8% -22.2%	4,470,514 +3.9% -55.1%	1,718,224 -2.7% -6.2%	329,530 +5.4% -6.7%	584,419 +9.4% +4.5%	3,735,632 +6.7% -29.2%	3,021,057 +3.4% -12.6%	714,575 +23.0% -60.8%	558,481 +13.6% -71.2%	-3,644 +6,778 +106,129	1.22 1.08 6.01	0.95 0.84 3.15	Nil Nil 7.8	Nil Nil 7
B.A. and Pacific compared 1935-36 with 1928-29	843,510 +10.4% -40.8%	5,988,025 +12.0% -17.6%	3,956,998 +17.1% -8.1%	1,413,242 +11.9% -20.2%	2,906,110 +8.2% -8.8%	589,983 +5.7% -16.1%	1,029,464 +10.2% -16.6%	7,226,550 +10.7% -20.9%	5,501,273 +6.2% -14.5%	1,725,277 +27.8% -36.1%	210,914 -88.6% -88.6%	-606,881 +889,114 +230,613	0.26 1.08 2.38	0.21 0.84 2.04	Nil Nil 9.9	Nil Nil 7
Central Argentine compared 1935-36 with 1928-29	2,511,408 +8.7% -26.4%	8,140,258 +32.8% -15.8%	10,797,380 +45.8% +5.9%	1,002,027 -6.1% -29.8%	4,270,492 +5.0% -8.6%	901,753 +4.5% -35.1%	1,303,158 +4.8% -2.8%	12,217,048 +24.6% -14.2%	8,460,156 +14.8% -13.8%	3,756,892 +66.1% -15.3%	2,445,878 +79.6% -40.4%	+159,621 -228,487 +678,977	1.95 1.09 6.61	1.23 0.69 6.81	1.59 Nil 9.3	Nil Nil 7

* Preference: No. of times pref. dividend covered assumes normal pref. payments (cumulative method); ordinary: assuming normal preference dividends and (Cent. Arg.) including deferred stock. ** Cover for debenture interest, including annuities and sinking fund, but excluding interest on arrears. † Including renewals. †† Excluding renewals. ‡ After adding other income to net receipts, and deducting net exchange losses, charges under working agreements, other expenses, and interest on arrears. § Added to (+) or taken from (-) reserves and carry forward. ¶ Earned for fixed charges in 1936-36, Dr. £71,318.

The week's triumphs, once again, all belong to the gilt-edged market. Among existing securities, there has been a certain amount of profit-taking, but the undertone of the market is still demonstrably strong. Among new borrowers, the success of the skirmishers has brought up the big battalions with, so far, satisfactory results. This week, the over-subscription of an issue of £2 millions of 3½ per cent. redeemable debenture stock at 96 by the Kent Electric Power Company has been followed by an offer of £3 millions in 3½ per cent. stock at 101 by Liverpool—a borrower whom the market likes with good reason. It is an ill wind that blows nobody good, and the mistral in the equity share markets has been a veritable monsoon for gilt-edged. Whether a satisfactory response will be forthcoming, however, if borrowing is maintained for long at this week's rate, is another question. Meanwhile, from Whitehall comes no sign. None can keep a secret better than the Treasury.

Wall Street and Washington.—During the past week common stock prices have touched new "lows." The market has subsequently experienced a change in sentiment which has levered the Dow Jones industrial average up by over 8 points in two days. It appears, too, to have some marks of permanence. We suggested last week that American economy suffered from the failure of private enterprise to take the initiative as the Government reduced "pump-priming" operations. It has been feared by Wall Street that the Government's response would be either to renew Budget deficit expenditure on a larger scale or to apply more stringent control to private business. There was also a fear, calculating in Europe more than in America, that the dollar might be further devalued. This week's news from Washington promises to change the whole atmosphere. The Ways and Means Committee is concerned at the effects of taxation—particularly the undistributed profits tax—on enterprise, though there is no sign that this tax is to be abandoned, or more than amended to ease the pressure on weaker companies. Mr Morgenthau has reiterated his desire for a balanced Budget, and has laid the dollar scare; gold is being allowed to move out of America through the Exchange Stabilisation Funds. President Roosevelt himself has suggested that if the utilities will adopt the Government's method of valuation they may expect freedom from Government competition. Just what system of valuation is desired is not quite clear; but overvaluation of assets is a fundamental cause of weakness in the utility position, and a "prudent investment" basis, although salutary, would be no easy price to pay for relief from Government competition.

It is, however, becoming daily clearer that Washington is seeking a means of encouraging a revival of the durable goods industries without antagonising private enterprise. It is not expected that tax reforms will play much part in the plan. It would seem more important to reduce the tension in the utility industry, to find ways of stimulating a building revival, to assist railway renewals programmes, to prevent excessive increases in costs, and to accompany these proposals by balancing the Budget. It is reported that the Reconstruction Finance Corporation will be used to stimulate the building industry. And further evidence of the desire of Washington to sooth the panic of Wall Street while removing its underlying economic causes is provided by an investigation by the chairman of the S.E.C. into the whole network of Stock Exchange rules, to discover their real effect upon the market. The week's news from Washington may not herald a dramatic improvement in economic conditions, but tactful intervention may heal the bruised confidence of the business community.

Brazil Defaults.—For weeks the Brazilian bond market has had an impending sense of trouble, and now the blow has fallen. Brazil has suspended "temporarily" the interest and sinking fund payments on her external debt, "pending further examination." The announcement followed the promulgation of a new constitution which apparently contemplates the abolition of the Senate and Chamber but is yet "democratic." The debt suspension, indeed, has an authoritarian ring about it, but few investors, even after the failure to reach a revised payments agreement by the end of September, had prepared themselves for such an announcement. The London market, impressed by Brazil's domestic pre-occupations of a presidential election this winter, was prepared to make full allowance for internal economic and political difficulties, and it was generally thought that expediency and rough justice would be served by extending the present scale of payments for a further year, during which a more permanent basis for the debt could be thrashed out. Actually, the over-night default ranks among the most cynical that the London market remembers. No interest payments were due until January, and preparation for their payment was clearly not pressing. And interference with the service of the funding issues is tantamount in financial behaviour to the severing of diplomatic relations. Dealers in the bonds decided, before the market opened on Thursday, to suspend business, and it is understood that a deputation attended the offices of a leading firm of merchant bankers after the meeting.

For the present, the Stock Exchange list reveals blank spaces for quotations in the whole of Brazil's debt. There is no indication when dealings will be resumed. Before that event, presumably, the British Government and the American Treasury may be impelled to make strong representations to President Vargas. His argument that old loans can no longer be paid by raising new ones is purely irrelevant. The lesson of the affair is that the fullest co-operation of creditor parties is essential, and this co-operation has not always been achieved in the past between London and New York. The course of representative bond prices since 1933 is given below : —

	1933		1934-36		1937		Nov. 5	Nov. 10
	High	Low	High	Low	High	Low		
<i>Group 1</i>								
5% Funding 1898	94½	83½	101½	63	102½	92½	92½	92½
5% Funding 1914	78	62½	91½	48	89½	68	69½x	69½
<i>Group 2</i>								
7% Coffee Realisation	88½	64½	101½	73½	100	79	79	82½
<i>Group 3</i>								
5% 1903	49½	29	40	12	45½	29½	32x	32x
<i>Group 4</i>								
4% 1889	30½	16½	24½	10	28½	16½	16½	16½
<i>Group 5</i>								
7½% Coffee Institute...	65	24½	45½	22½	48½	26½	30	30

Recently, Brazilian bonds have been affected by the weak copper position. Failing to achieve any improvement in coffee prices by agreement among the producing countries, Brazil has abandoned her policy of regulation. Recently, a drastic reduction in the coffee export tax was decreed, and a sharp fall in coffee prices immediately resulted. This week it has been announced that Brazil is reverting to free competition in the coffee market. Between an expensive policy of regulation and a no less expensive policy of free export, Brazil has wisely chosen the latter. But although this week's communiqué refers to the Brazilian export trade returning to "normal," it seems more probable that some curtailment of capacity would be necessary to restore equilibrium, and such a policy would presumably entail expenditure on planters' relief. Moreover, Brazil's increased exports will not immediately offset the fall in coffee prices. Both factors are obviously bear points for Brazilian bonds, and coupled with the uncertain political situation in the country, they suggest that the prospects of an early and favourable offer to resume payments are not rosy.

November 13, 1937

Unit Trust Conversion.—It is somewhat remarkable that the four offers of conversion to the sub-unit holders of the British Empire group should have been received with moderate and not unfavourable comment in most quarters, while the first offer by the National group (which we discussed on October 16, page 124) has stirred up controversy. Inevitably, the issues regarding conversion have become distorted, and it is highly desirable to re-state the position as it affects the movement and the investor. There was, of course, no compulsion to accept any of these offers—and indeed the National “A” offer was made less attractive than the British Empire conversions, since it boldly offered the sub-unit holder a share of £1 nominal, in exchange for a sub-unit valued at 3s. 6d. Such conservatism, highly desirable in relation to current security prices, was obviously liable to misinterpretation by the average sub-unit holder, who may, quite erroneously, have figured a “loss” of 11s. 6d. as a bad bargain. The outcome of the offer is definitely less favourable than the British Empire conversions, for no more than 245,000 National sub-units have been converted, out of a total of 1,320,000 in issue. The group, however, proposes to offer conversion facilities in respect of other closed units, “as and when the circumstances are favourable,” though their announcement re-affirms the conviction that the unit trust has a permanent place among investment facilities. This view is apparently shared by all members of the movement, but very divergent opinions are held regarding the desirability of offering conversion facilities. The Unit Trusts Association, whose leading member has aroused this latest *furor*, has expressed its conviction that the unit trust principle is the most suitable for the small investor—a statement which bears the mark of a not unwise compromise. Individual groups have also issued statements of policy which range from uncompromising refusal to consider conversion to a more reserved attitude regarding the future. Such reservations are apparently entertained by the “15 Moorgate” group, while the British General, Brewery Unit and Keystone groups have declared against conversion. The Keystone group, indeed, has formed a new trust as a mark of faith—Keystone Consolidated—which reverts to the original principle of fixity, and has a somewhat remarkable portfolio. But a survey of the whole of the recent controversy suggests that no new point of principle has emerged which demands modification of our conclusions on October 16th—that the case for flexibility is clearly proved, and that any unfixing of the fixed trusts might well be achieved by conversion of existing fixed trusts into flexible units rather than managed investment trusts. In the last resort, the creation of new managed trusts from the ashes of the fixed trusts is hardly an uneconomic process.

Industrial Profits in October.—Industrial profits continue to advance strongly, despite the rising tendency of costs. The 26.97 per cent. increase shown for October is little below the best for the past year. Total profits of the 177 companies whose reports were received amounted to £14,884,260, compared with £11,722,574 for the previous year. The trend of the past fifteen months is shown below:—

Reports published in	No. of Companies	Rise in Profits* %	Reports published in	No. of Companies	Rise in Profits* %
1936—			1937—		
August ...	47	14.21	March ...	307	12.52
September ...	107	12.32	April	245	23.36
October ...	146	18.09	May	255	14.09
November ...	177	13.49	June	265	21.19
December ...	175	15.49	July	193	19.62
1937—			August ...	62	9.41
January...	110	15.92	September	81	27.8
February	203	8.95	October ...	177	26.97

Some 44 rubber companies, whose earnings as a whole are more than doubled, have contributed as much as 15 per cent. towards this increase, but only 6 per cent.

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to total profits. Otherwise the improvement is well distributed over all industrial groups, and not unduly affected by large individual companies. Heavy industrial concerns made a favourable showing.

Company Notes

British Celanese Developments.—Much of Dr Dreyfus' speech at the British Celanese meeting on Wednesday covered familiar ground. Selling prices in the artificial silk industry have not found stability, and costs are rising. And while the volume of production during certain periods last year "was more nearly in alignment with the volume necessary to obtain profits which would satisfy the current normal dividend requirements of both classes of preference shares," abnormal fluctuations in demand at other times dislocated production and distorted normal cost levels. New products, though subject at present to technical difficulties, are expected ultimately to provide satisfactory profits. It would have been difficult to justify the brave hopes that the preference arrears position will be cleared up without sacrifice, merely on the basis of this review. But highly significant hints regarding the future of the industry were dropped in the later section of the speech. "Recently," declared the chairman "various approaches have been made to us, as a result of which there have been indications that co-operation between all sections of the industry would be welcomed and that there exists a sincere desire for collaboration." Such evidence of a desire to abandon the price-cutting tactics which have always affected the acetate branch of the industry opens up profoundly important possibilities for British Celanese. Clearly, long negotiations would be involved, in which British Celanese might not always be the strongest participant. But the suggestion is a definite pointer of hope for the patient second preference and ordinary shareholders, to whom the news that estimated profits for the current year to date are below those of last year would otherwise come as a further discouragement.

Imperial Airways' Future.—Since the Government announced the Empire Air Mails developments last May, it has been clear that Imperial Airways in future will operate on a vastly expanded scale. Sir George Beharrell's speech at this week's meeting fully explained the scope of the new working arrangements. But he did not examine the related problem which was present in the minds of his audience. What effect will this change of scale have upon future profits and future dividend policy? Clearly, the past operating conditions (which we attempted to analyse in *The Economist* last week, page 271) will be irrelevant in the future, and some time must elapse before the new organisation is operating at maximum efficiency. Moreover, examination of the subsidy proposals throws no light on the potential net results for the company, which this year must provide dividends upon £1,624,089 of ordinary capital following the £1,000,000 issue last June. The company, in fact, is in a transition stage, and for this year in particular, its subsidy arrangements are being made *ad interim*. The explanation of the curious circumstances of last June's issue unfortunately stopped short at a decisive point. The basis for the issue price of 30s. was clearly reasonable in essence, but insufficient consideration was given to the crucial market distinction between a rights and preferential allotment. Meanwhile,

the shares have fallen to 28s. 3d., and the news of a further share issue within, say, six months, has done nothing to inspire the market. In fact, any valuation of the shares must be based rather upon the directors' notion of a "fair" issue price, than by reference to any preconceived rate of dividend on the increased capital. So far, the company has been able to serve the Government, as its "chosen instrument," no less readily than the interests of its shareholders. Whether the existing scale of dividend is fundamentally fitted to an enterprise which, in the last resort, undertakes few of the financial risks which beset the private entrepreneur is open to argument—and may well be argued yet again in Parliament. In the circumstances, the revised yield basis of the shares seems eminently justified.

Hawker Siddeley Report.—The market received the Hawker Siddeley Aircraft report with mixed feelings, despite the favourable results it displayed. Trading profit increased from £501,232 to £781,607, an increase of £280,375, of which only £37,500 is attributable to the company's increased holding in Hawker Aircraft. Thus, the Siddeley group is to be thanked largely for the higher dividend. The difficulties between the aircraft industry and the Air Ministry have apparently been settled, and the present tendency of concentrating on bombers rather than fighters is working in the group's favour. The improved results are analysed in the following table:—

	Years to July 31	
	1936	1937
Gross income	502,920	783,438
Fees, interest, expenses	6,078	15,824
Income tax and N.D.C.	118,849	194,418
Preference dividend	38,809	52,938
Ordinary shares:—		
<i>Earned</i>	339,384	520,258
Paid	228,750	463,102
<i>Earned (%)</i>	44.5*	47.7‡
Paid (%)	30†	42‡§
Carried forward	5,634‡	62,790

* On a £1,000,000 capital.
† Together with capital bonus of 10 per cent.
‡ After deducting £100,000 for capital bonus, and £5,000 bonus to subsidiaries' employees.
§ On £1,452,869 capital.

Despite the report, however, the market, after a temporary advance on Monday morning, has marked the shares down. The group is expanding fast, and again requires new finance. The company has therefore announced its intention of issuing further £2,000,000 of preference shares. This issue would increase the proportion of preference capital to 70 per cent. of the total—a proportion which may in the long run prove to be somewhat high, for the group's business is inherently subject to fluctuation, since it depends upon orders for military aircraft. In the short- and medium-term, however, the prospects should continue good. Such considerations also apply to Parnall Aircraft, which is also expanding rapidly and needs further capital. Sir Louis Vaughan, at the meeting this week, announced that the bulk of the financial requirements would be met by a preference issue. Parnall Aircraft showed a maiden profit of £26,782 in its second year, and has yet to reach the dividend stage. Investors will hope that the directors will not unduly weight it with fixed dividend charges. Meanwhile, Hawker Siddeley 5s. shares, at 27s. 9d., yield 9 11s. per cent., while Parnall Aircraft 5s. shares are quoted at 5s. 9d.

Silk To-day and Jam To-morrow.—One cannot congratulate the Branston Artificial Silk Company, Ltd., on its profits record, for the company, which was formed in 1927, ceased production in 1930, had a receiver from 1931 to 1933, and, meanwhile, paid no dividends. The

company recently accepted an offer from the War Office to acquire its premises; its machinery has been auctioned, and, after all expenses and prior charges have been met, there will apparently be something like 3s. per ordinary share available in cash. The fight is done, the battle over, and normally nothing would remain but liquidation. Actually, however, the company proposes to purchase for £125,000 the undertaking and assets (including goodwill) of the St. Martin Preserving Company, Ltd., a will of the St. Martin has the jam and and bottled fruits. Since St. Martin has the jam and Branston has the money, why should not a marriage be arranged? Unfortunately, it is possible that some of Branston shareholders may prefer cash to an interest in a class of business which their company was not formed to undertake. They may wish to forbid the banns and to declare just cause and impediment at the nuptial ceremony, which is to be performed at an extraordinary general meeting next Monday, November 15th.

The union, presumably, does not come within the prohibited degrees of the Companies Act, but whether the Stock Exchange Committee ought to permit the continuance of dealings in the shares of a company which will have entirely changed its character is another matter. No earlier exponent of a useful change of identity, however, from Proteus to Sherlock Holmes, has buttressed ever, from Proteus to Sherlock Holmes, his transformation with the ingenious proposal for securing its popular approval which is being made in the present instance. The directors of the St. Martin Company have agreed to buy out cash-desiring Branston shareholders at 3s. per share, up to a total of £75,000 on the completion of the deal. To obtain the cash, however, shareholders must lodge a proxy in favour of the board. In other words, those who wish to register their opposition to the scheme in the most decisive fashion, by severing their interest with the company, can do so only by voting in its support. This seems anomalous. Altogether there are so many features to which objection may be raised that the scheme should certainly be postponed for further consideration.

Trinidad Leaseholds Progress.—The increased dividend announced by Trinidad Leaseholds a fortnight ago fortified a rather ragged oil share market, and the report fully justifies its promise. Oil profits and other revenue have jumped by 63 per cent. from £669,128 to £1,090,940, despite the strike which affected the closing days of the company's year. The throughput of crude oil produced or purchased increased from 8.7 to 10.2 million barrels, while products sold increased from 7.9 to 10.3 million barrels. These operations have resulted in a record year for the company, and after making the usual generous provision for depreciation, earnings available for the increased ordinary capital have advanced from £344,202 to £648,534. The following table shows that the 30 per cent. dividend is covered by earnings of 39 per cent:—

	Years ending June 30,		
	1935	1936	1937
Total trading profits	570,431	679,409	1,108,833
Expenses and directors' fees	31,745	36,146	46,064
Depreciation, etc.	243,552	244,061	276,735
Taxation	55,000	55,000	137,500
<i>Earned for ordinary</i>	240,134	344,202	648,534
Paid	229,523	327,891	491,835
<i>Earned (%)</i>	18.3	26.2	39.5
Paid (%)	17‡	25	30
Reserve	10,000	...	100,000
Carry-forward	70,161	86,472	143,171

Distribution policy, in fact, has been distinctly conservative, and reserve allocations are renewed by a provision of £100,000. Net capital expenditure amounted to £588,628 last year—though it leaves the balance sheet in a strong position—for new refinery and other plant. Since the chairman emphasised a year ago that these works would not make their full contribution during the 1936-37 financial year, it is reasonable to expect a further contribution to the current year's results from this new source. Indeed, the accounts suggest that the company's motor spirit market is being expanded, and while there is some reason for hesitation regarding the outlook for world oil prices, there is no apparent factor which suggests an early fall in British petrol prices. The £1 ordinary shares stand at 102s. 6d., and yield 5 12s. per cent.

Joshua Hoyle Improvement.—The first accounts of this cotton spinning concern after the capital reconstruction are satisfactory. They show the benefit of new plant and internal reorganisation and underline the consequences of agreement among cotton spinners in bringing good order, if not bumper profits, to the spinning industry. Trading profits for the year to September 30th amount to £164,542, compared roughly with £73,556 in the previous year and £56,712 in 1934-35. This is little short of the best profit for the past decade, and exceeds the estimate made when the scheme was published by 17 per cent. Some £25,000 is placed to depreciation, and if this is not at first sight over-generous, only a year has elapsed since the assets were re-valued. Tax provision requires £15,000, and interest and fees about £2,000 less, at £54,394. The result is a surplus for the shareholders of £70,148, against small deficits in the two previous years, and as the 2½ per cent. dividend absorbs only £13,594 some £56,553 goes forward.

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Earnings for the new ordinary capital amount to 12.9 per cent., or 10.3 per cent. allowing for note redemption, which will require one-fifth of net profits in future. The balance sheet is no less interesting. The preference capital has disappeared, and £1,200,000 debenture stock carries interest at 4½ per cent. instead of 7 per cent. Immediate saving of interest is, however, small, since the old stock had in fact recently received only 5 per cent., and £427,468 of 4 per cent. secured notes are now outstanding. Fixed assets stand at £1,469,777 (compared with £2,191,282 before valuation), while interests in the subsidiary have been largely amalgamated in the parent business. Although exact comparison is difficult, the current financial position appears strong, and cash in hand amounts to £467,973. Stocks are £42,000 higher at £497,048. The present tendency of cotton prices is not helpful for spinners, but the price agreement protects their margin rates from extreme competition. Assuming a dividend for the current year at the annual rate of 5 per cent., the 2s. shares at 2s. 1½d. yield £4 14s. 3d. per cent.

* * *

Other Company Results.—Our analysis of profit and loss accounts, appearing on page 340, covers nearly forty additional companies. A number of interesting engineering reports have appeared, while pastoral companies make a good showing. The results are discussed on page 339 under the heading "Shorter Company Comments."

* * *

Company Meetings of the Week.—In this issue, reports of company meetings begin on page 330. Lieut.-Col. C. A. Reid-Scott, at the annual meeting gave a detailed review of the past financial year to *Manila Railway Company* shareholders. The chairman of *Argentine Great Western Railway* explained the company's position regarding future debenture interest payments. At the meeting of *Parnall Aircraft* Sir Louis Vaughan gave interesting comparisons of the company's progress. The output for July, 1937, for instance, was six times that of August, 1936. At the meeting of *John Delaney*, Mr A. Woolley-Hart referred to improved demand from the steel industry and for agricultural purposes, which was expected to continue during the current year. Mr Percy Cross emphasised at the *London Maritime Investment* meeting the company's belief that the voluntary scheme of co-operation adopted by the British tramp shipping industry should minimise extreme fluctuations in future. At the meeting of *Prices Tailors*, Sir Henry Price emphasised the directors' decision to maintain the value of their goods and to meet higher costs of production by increasing sales. Mr H. G. Latilla declared that the *Amalgamated Banket Areas* properties would become one of the most important producers of gold, with a long "life." The decline in profits of *Lake View and Star* was ascribed by Mr John A. Agnew to the increased amount of development work, which, in turn, was reflected in an improved ore reserve position. The *Imperial Airways* meeting is referred to on page 322. Mr. W. Howard-Williams described 1936-37 as the best period for seven years for the *Central Argentine Railway* and emphasised that the tonnage handled constituted a record.

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THE WEEK IN THE MARKETS

THE STOCK EXCHANGE

SETTLING DAYS

TICKET: NOVEMBER 18 ACCOUNT: NOVEMBER 18

ONLY gilt-edged stocks opened firm this week, and even they succumbed to profit-taking as the week progressed. Industrials reflected Wall Street's week-end troubles, but shared in the subsequent improvement, while commodity shares, apart from a modest rally in copper issues, remain depressed. That is the summary of the week's movements. No new trends have been revealed, and the drifting tendency is resumed as soon as support is withdrawn. Mid-week news from Wall Street stiffened the tone appreciably, for London as well as Wall Street had reason to react favourably to the idea that the President will take steps to set American industry in motion again. The probable consequences for commodity prices if the President succeeds are clearly understood in this market.

Opening firmness in the Funds was not maintained, for by Tuesday morning the presence of the profit-taker was evident in the market. Undated stocks tended to suffer most, and despite a renewal of mid-week support the best prices were not maintained. The appearance of the Liverpool issue took the sparkle from new corporation scrips, and while Dominion issues remained firm in tone, there was little mid-week support.

In the foreign market, the Brazilian default came as a devastating shock, and jobbers decided to suspend dealings in Brazilian bonds on Thursday. The position is surveyed on page 320 of this issue. Its effects spread to the rest of the foreign market, and the rising tendency of both Chinese and Japanese issues was checked. European issues continued quiet, although Polish bonds tended to improve in anticipation of a debt settlement.

Home rail stocks opened dull in sympathy with the general tone, and registered further disappointment with the traffics. Some modest buying of London Transport "C" stock brought a steady improvement in the price early in the week. Argentine rails opened with a depressing day, improved a little on Cordoba debentures were active in mid-week.

The industrial markets record an uneventful and somewhat unsatisfactory week, even when allowance is made for Wall Street's assistance, which checked the sagging tendency in mid-week. Iron and steel shares provided most interest. A moderate volume of sales on Monday on rumours of price reductions caused widespread declines. Yet later good news to the end of 1938 was announced, Richard Thomas declared the same interim dividend on a larger capital, Weardale Steel and John I. Thornycroft reported substantially increased profits, but quotations were either lower or quite unresponsive. The tone then became steadier, and though small improvements were apparent here and there, there was no general upward movement. Coal shares were uninteresting, with such leaders as Powell Duffryn weak on Monday and Tuesday and moderately supported later. Motor and cycle shares were dull, but showed similar improvement in mid-week. Ford were among the brighter features.

Conditions in the aircraft section were easy, Hawker-shares reacted on profit-taking. Imperial Airways reacted on the new issue (discussed on page 322). Electrical equipment for Crompton Parkinson, Enfield Cable and Siemens was reported. Textiles were quiet and somewhat irregular, and Joshua Hoyle failed to respond to the full report. British interest was aroused by the chairman's speech (discussed on page 322). Brewery issues followed the general trend, Ansells recovering on second thoughts regarding the profit figures. The miscellaneous group lacked special features, for Turner and Newall and British Oxygen did not escape the general marking down of P. and O. deferred on the dividend was in contrast with improvement in Furness Withy.

Oil shares were irregular. The week began dismally, but there was marked improvement later, partly on recovery in pressure from the Continent. Attock were among the brighter features, and Trinidad issues were well supported. After starting very badly, the rubber share market steadied its nerves. Monday was the worst day for some time, on renewed weakness of the commodity, whose slight recovery at least reduced the seriousness of falling share values. Tea shares remained fairly insulated from the general trend, but were thoroughly dull.

The mining market failed to maintain the expected recovery. Kaffirs started well on public investment buying, but the stimulus was short-lived and Continental selling soon depressed quotations further. The Central Mining dividend was well received, but the Sub-Nigel issue was greeted without enthusiasm. West Africans were dull despite the favourable statements at the Amalgamated Banket Areas meeting. After some Paris selling of Roan Antelope, Rhodesian copper shares improved in mid-week, while tin shares, depressed at first, staged a good rally.

"FINANCIAL NEWS" MARKET INDICATORS

	Nov. 4	Nov. 5	Nov. 8	Nov. 9	Nov. 10	Nov. 11
Approximate total of bargains recorded in S.E. List	6,455	7,520	9,225	7,635	7,245	7,655
Corresponding day 1936	12,368	13,992	15,915	12,632	11,660	11,806
SECURITIES MOVEMENTS						
Index of 30 Ordinary Shares (July 1, 1935=100)	103.1	103.1	102.1	101.7	101.9	102.3
Index of 20 Fixed Interest Securities (1928=100)	128.3	128.9	129.1	129.0	129.1	129.3
Highest 1936: Ordinary Shares 124.9 (Nov. 18); Fixed Interest 138.8 (Feb. 10).						
Lowest 1936: Ordinary Shares 107.4 (Jan. 2); Fixed Interest 136.2 (Sept. 23).						
Highest 1937: Ordinary Shares 124.8 (Jan. 4); Fixed Interest 136.6 (Jan. 4).						
Lowest 1937: Ordinary Shares 99.0 (Oct. 12); Fixed Interest 126.0 (Sept. 8).						

ACTUARIES' INVESTMENT INDEX

The Actuaries' index of 177 industrial equity prices stood at the low point of 75.8 a month ago. A week ago it had risen to 77.4, but last Tuesday it was down again at 75.7. The corresponding yields are 4.81, 4.69 and 4.80 per cent. A selection of the separate indices follows:—

Group (and No. of securities)	Price (Dec. 31, 1928 = 100)			Yield (%)		
	Month ago (Oct. 12, 1937)	Week ago (Nov. 2, 1937)	This week (Nov. 9, 1937)	Month ago (Oct. 12, 1937)	Week ago (Nov. 2, 1937)	This week (Nov. 9, 1937)
Coal (7)	112.9	111.3	107.3	4.35	4.34	4.54
Iron and steel (12)	68.6	70.3	66.6	5.72	5.56	5.86
Motors (5)	42.8	45.4	43.0	5.71	5.39	5.68
Oil (5)	80.0	86.0	80.8	8.32	7.67	8.20
Electric supplies (10)	133.4	137.8	134.4	4.70	4.59	4.68
Shipping (4)	20.8	20.8	18.8	2.11	2.10	2.32
Breweries and distilleries (21)	134.3	139.3	136.3	4.63	4.50	4.59

NEW YORK STOCK EXCHANGE

In the short session at the end of last week, prices sagged to the week's low, depression being caused by expectations of lower steel mill activity, by signs of weakness in automobile prices, and by anticipated lower purchasing power of farming communities owing to lower commodity prices. On Monday this week, only the last hour staged an improvement and the day's close set up a new "low" for the year. On Tuesday prices looked up on growing expectations that the Washington Administration will put aside brutal thoughts and be soothing to private enterprise. And on Wednesday prices went ahead rapidly under the lead of utilities, on the offer of the President to hold back Government competition with power companies if they would revalue their assets on the approved Government basis. There was active talk on the prospects of Government help to business, of the best method of stimulating building recovery, renewed investment by the utilities, railroads and durable goods industries. So strong was the hope of support for private industry—instead of fear of new budget deficits—that even steel issues made many substantial gains in face of lower steel mill activity. *Iron Age* estimates steel mill activity for the current week at 41 per cent. of capacity against 48 per cent. last week, and declares that the industry is living from hand to mouth on current new orders.

Owing to the closing of the New York Exchange for Armistice Day, we are unable to publish the usual Standard Statistics index figures. Last week's figures are repeated below for reference (1926=100):—

	1936		1937		Beginning of Year 1937	Oct. 20, 1937	Oct. 27, 1937	Nov. 3, 1937
	Lowest Apr. 29	Highest Nov. 10	Lowest Nov. 3	Highest Mar. 10				
347 Industrials	112.7	145.9	99.4	155.7	143.2	101.9	100.7	99.4
32 Rails	42.8	60.2(b)	31.5	64.5(f)	54.6	32.5	32.5	31.5
40 Utilities	91.2	111.0(e)	78.3	118.4(d)	111.7	79.1	78.3	78.3
Total, 419 Stocks	97.7	125.4	84.9	132.4	123.5	86.9	85.9	84.9
Average yield*	4.50% High (c)	2.65% Low (a)	6.39% High	3.20% Low (s)	3.53%	6.13%	6.22%	6.30%

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

(Continued on page 328)

TO MANUFACTURERS

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Establish your factory at The Scottish Industrial Estate (North Hillington—near Glasgow) where capital outlay for building is eliminated; where you can lease a factory; where rents are low and where the Estate looks after all services and arrangements.

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LONDON ACTIVE SECURITY PRICES AND YIELDS

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

Prices, Year 1936				Prices, Year 1937				Name of Security	Price, Nov. 3, 1937	Price, Nov. 10, 1937	Rise or Fall	Yield Nov. 10, 1937
High	Low	High	Low	High	Low	High	Low					
87 1/2	82 1/2	84 1/2	73 1/2	British Funds				75	76 1/2	+1 1/2	3 5 9	
116 1/2	112 1/2	118 1/2	105 1/2	Consols 2 1/2%				110	111	+1	3 5 6	
102 1/2	100	101 1/2	94 1/2	Do. 4% Feb. 1957 (m)				94 1/2	97 1/2	+3	2 15 0	
105 1/2	103 1/2	103 1/2	97 1/2	Conversion 2 1/2% 1944-49				100	101	+1	3 0 0	
108 1/2	104 1/2	106 1/2	98 1/2	Do. 3%, 1948-53				101 1/2	102 1/2	+1	3 0 0	
111 1/2	107 1/2	108 1/2	105 1/2	Do. 3% after 1961				107 1/2	107 1/2	—	2 6 6	
121 1/2	116 1/2	117 1/2	111 1/2	Do. 4 1/2% 1940-44				113 1/2	113 1/2	—	2 19 6	
95 1/2	92 1/2	92 1/2	89 1/2	Do. 5% 1944-64				89 1/2	89 1/2	—	3 2 0	
104 1/2	101 1/2	101 1/2	92 1/2	Funding 2 1/2% 1956-61				92 1/2	93 1/2	+1	3 1 0	
119 1/2	115 1/2	115 1/2	109 1/2	Funding 3% 1952-57				111 1/2	112 1/2	+1	3 4 0	
117 1/2	113 1/2	114 1/2	107 1/2	Funding 4% 1952-59				107 1/2	107 1/2	—	3 1 0	
108 1/2	104 1/2	105 1/2	99 1/2	Funding 4 1/2% 1950-60				99 1/2	99 1/2	—	3 10 6	
98 1/2	94 1/2	94 1/2	84 1/2	Nat. Debt. 2 1/2% 1944-48				84 1/2	84 1/2	—	2 14 0	
117 1/2	113 1/2	114 1/2	107 1/2	Victory Bonds 4%				110	111 1/2	+1 1/2	3 11 9	
108 1/2	104 1/2	105 1/2	97 1/2	War L'n 3 1/2% after 1952				100 1/2	101 1/2	+1	3 8 1	
98 1/2	94 1/2	96 1/2	84 1/2	Local Loans 3%				84 1/2	84 1/2	—	3 8 2	
103 1/2	101 1/2	101 1/2	99 1/2	Austria 3% 1933-53				99 1/2	100	+1	3 0 9	
76 1/2	70 1/2	72	62	India 2 1/2%				62 1/2	67	+4 1/2	3 15 0	
89 1/2	85 1/2	85 1/2	74 1/2	Do. 3 1/2%				74 1/2	80	+5 1/2	3 15 0	
100 1/2	96 1/2	96 1/2	87 1/2	Do. 3 1/2%				87 1/2	94	+6 1/2	3 14 0	
120 1/2	116 1/2	119 1/2	112 1/2	Do. 4 1/2% 1958-68				114 1/2	114 1/2	—	3 10 1	
107 1/2	104 1/2	105 1/2	95 1/2	U.K. & Arg. 4 1/2% (1947)				102	102	—	3 15 1	
Dom. & Col. Govts.												
113 1/2	109 1/2	109 1/2	105 1/2	Australia 5% 1945-75				109	109	—	3 19 4	
106 1/2	102 1/2	104 1/2	96 1/2	Canada 4% 1940-80				103	103	—	2 18 1	
118 1/2	114 1/2	116 1/2	112 1/2	Gold Coast 4 1/2% 1956				113	113	—	3 11 6	
120 1/2	117 1/2	117 1/2	114 1/2	Nigeria 5% 1950-60				115	115	—	3 11 0	
114 1/2	110 1/2	109 1/2	104 1/2	N. Zealand 5% 1946				109	109	—	3 18 6	
108 1/2	104 1/2	107 1/2	103 1/2	Queensland 5% 1940-60				105	105	—	3 10 6	
119 1/2	115 1/2	114 1/2	109 1/2	S. Africa 5% 1945-75				113	113	—	3 6 0	
Foreign Governments												
102 1/2	98 1/2	100 1/2	92 1/2	Argentina 4 1/2% Sg. Bds				101	101 1/2	+1 1/2	4 9 0	
98 1/2	94 1/2	91 1/2	84 1/2	Austria 7% 1957				103	103	—	6 16 0	
72 1/2	71 1/2	73 1/2	65 1/2	B. Aires (Prov.) 3 1/2%				65 1/2	67 1/2	+2	5 6 0	
97 1/2	95 1/2	102 1/2	98 1/2	Belgian 4% red. by 1970				90 1/2	91 1/2	+1	5 6 0	
97 1/2	93 1/2	94 1/2	84 1/2	Bulgaria 7%				84 1/2	89 1/2	+5 1/2	5 1 5	
83 1/2	79 1/2	80 1/2	68 1/2	Brazil 5% Fund. 1914				68 1/2	71 1/2	+3	4 2 1 1/2	
84 1/2	80 1/2	81 1/2	71 1/2	Chile 6% (1912)				71 1/2	73 1/2	+2	7 13 0	
95 1/2	91 1/2	90 1/2	80 1/2	China 5% (1929)				80 1/2	82 1/2	+2	3 2 6 1/2	
112 1/2	108 1/2	107 1/2	102 1/2	Do. 5% (1913)				104	104	—	6 15 2 1/2	
110 1/2	106 1/2	108 1/2	98 1/2	Czechoslovakia 8%				97 1/2	97 1/2	—	7 14 0	
70 1/2	67 1/2	67 1/2	58 1/2	Danish 3%				58 1/2	59 1/2	+1	3 1 6	
106 1/2	102 1/2	106 1/2	101 1/2	Danzig 6 1/2% (1952)				102 1/2	103 1/2	+1	3 8 3	
25 1/2	22 1/2	22 1/2	21 1/2	Egypt 10%				121 1/2	121 1/2	—	3 18 9	
92 1/2	88 1/2	89 1/2	80 1/2	French 4 1/2% (1914)				80 1/2	81 1/2	+1	12 19 3	
94 1/2	90 1/2	91 1/2	81 1/2	Germany 5% Dawes Ln.				81 1/2	81 1/2	—	13 18 6	
94 1/2	90 1/2	91 1/2	81 1/2	Do. 5 1/2% (Young Ln.)				40	39 1/2	-1/2	13 18 6	
94 1/2	90 1/2	91 1/2	81 1/2	Greek 6% Stab. Ln.				35 1/2	34 1/2	-1	16 19 6	
94 1/2	90 1/2	91 1/2	81 1/2	Do. 7% Refugee				41 1/2	41 1/2	—	6 19 0	
94 1/2	90 1/2	91 1/2	81 1/2	Hungary 7 1/2%				54 1/2	54 1/2	—	6 17 7 1/2	
94 1/2	90 1/2	91 1/2	81 1/2	Japanese 5 1/2% 1938-65				62 1/2	67	+4 1/2	8 4 1 1/2	
144 1/2	140 1/2	142 1/2	134 1/2	Do. 6% (1924) red. 1959				115	115	—	3 10 0	
93 1/2	89 1/2	90 1/2	80 1/2	Norwegian 4% 1911				55	55	—	10 2 10	
151 1/2	147 1/2	149 1/2	139 1/2	Poland 7 1/2% 1922				67 1/2	69	+2	10 2 10	
116 1/2	112 1/2	114 1/2	112 1/2	Roumania 4% Con. 1922				151 1/2	151 1/2	—	10 5 0	
92 1/2	88 1/2	90 1/2	80 1/2	U.K. & Argentine 1933				112 1/2	112 1/2	—	4 5 0	
27 1/2	22 1/2	25 1/2	21 1/2	5 1/2% B. Certs. (1951)				94 1/2	94 1/2	—	3 3 6	
119 1/2	115 1/2	118 1/2	111 1/2	Do. C. Certs. (3% Max.)				21 1/2	21 1/2	—	3 7 6	
120 1/2	116 1/2	118 1/2	112 1/2	Corporation Stocks				113	113	—	3 7 6	
92 1/2	88 1/2	89 1/2	80 1/2	Berlin 6% 1935-57				113	113	—	3 7 6	
121 1/2	117 1/2	119 1/2	115 1/2	Brazil 5% 1946-58				115	115	—	3 7 0	
97 1/2	93 1/2	95 1/2	82 1/2	Danish 7% (1950)				80 1/2	80 1/2	—	3 8 0 1/2	
107 1/2	103 1/2	105 1/2	97 1/2	E. London 5% 1940-70				116 1/2	116 1/2	—	3 8 6 1/2	
106 1/2	102 1/2	103 1/2	97 1/2	L.C.C. 3%				83 1/2	86 1/2	+3	3 9 9	
Seine (Dept of) 4 1/2% 1952												
101	102	102	94 1/2	Do. 4 1/2%				101	102	+1	4 8 9	
Public Boards												
120 1/2	111 1/2	112 1/2	105 1/2	Central Elec. 5% 1950-70				112 1/2	113	+1 1/2	3 15 0	
122 1/2	118 1/2	120 1/2	112 1/2	LONDON PASSENGER				124 1/2	124 1/2	—	3 16 0	
135 1/2	131 1/2	133 1/2	125 1/2	TRANSPORT BOARD				106	106	—	3 8 6	
100 1/2												

2. <i>Extractives and Metal Industries</i>				Gillette				11	11	11
							Lambert Co.	15 <td>16<td>16</td></td>	16 <td>16</td>	16
							Loews	59	57	60
Am. Rolling Mills ...	244	24	25				20th Century Fox ..	28	23	24
Beth. Steel x'd	494	48	53	<i>5. Retail Trade and Food</i>						
Beth. Steel Pref. x'd ..	94	83	96				Montgomery Ward ..	40	39	40
Republic Steel	18	18	18				J. C. Penney Co.	78	74	77
U.S. Steel	56	55	60				Sears Roebuck	65	67	65
U.S. Steel Pref. x'd ..	110	107	108				United Drug	23	21	21
Alaska Juneau	11	12	12				Wm. S.	40	37	38
American Metal x'd ..	31	29	32				Woolworth	20	19	22
American Smelting ..	54	47	52				Borden	30	30	31
Anacosta	26	27	30				Gen. Foods	8	18	17
Bahn Aluminum	28	30	28				Kroger Grocery	15	18	20
Cerro de Pasco	45	44	45				Nat. Biscuit	21	20	20
Int. Nickel	32	31	35				Nat. Dairy	15	16	18
Kennecott	11	11	11				Standard Brands ..	72	81	81
Pathto Mines	30	29	31				Am. Tobacco B.	87	71	71
Texas Gulf Sulph. ...	65	65	65				Liggett Myers B. ...	18	17	18
U.S. Smelt.	15	15	17				Lorillard	46	45	46
Vanadium Corp.	22	22	23				Ryanolds Tob. B.x ..	23	22	23
Atlantic Refining	43	42	45				National Distillers ..	29	28	29
Phillips Petroleum ..	18	17	18				Schenley Distillers ..	42	41	41
Shell Union	97	94	96	<i>6. Finance</i>						
Shell Union Pref.	16	15	13				Commercial Credit ..	8	8	8
Soomy Vacuum	31	31	32				Atlas Corp.	45	45	44
Stand. Oil Calif.	50	49	50				Com. Invest. Trust ..			
Stand. Oil N.J.	42	41	43							

GREATER activity has prevailed in the new issue market this week. The delayed *Liverpool* loan was offered on Friday on the now familiar terms, but with a slightly longer average life of 25 years. The gilt-edged market had lost part of its impetus by the time the issue appeared, and the absorption of as much as £3 millions of new scrip, it was suggested, provided a fairly stiff test for the market's capacity. *Taf Fechan Water Supply Board* 3½ per cent. redeemable debentures dated 1957 were issued at the end of last week at 101. They carry trustee ranking, with a suitably shorter life compared with the basis for recent corporation issues. An electric power debenture issue is something of a rarity, and the *Kent Electric Power* 3½ per cent. debenture stock, issued at 96, attracted good investment support and opened at a premium on Thursday. The company (controlled by County of London Electric) will construct a new station, to be operated under the direction of the Central Electricity Board. The Board undertakes to

purchase the energy at cost of production, including interest on the present issue. The stock, therefore, qualifies for C.E.B. status in all but name. This week's solitary industrial issue is the first to be made by a new venture from a special area trading estate. The company, *British Coated Board and Paper Mills*, issues 370,000 5s. ordinary shares at par, and has established a new factory at Treforest and a factory at Newport. It will introduce a new technical process to this country, but at this stage the enterprise lacks a proven profits record, and must be placed in a speculative category. Particulars for information have been published by *Court Estates*.

	Debitures	Preference	Ordinary	Total
January 1 to date—	£			
1937 (New Basis)	216,770,122	27,860,576	188,616,260	433,246,958
1937 (Old Basis)	157,335,324	16,555,819	56,449,629	230,660,772
1936 (New Basis)	105,313,472	34,569,329	167,302,970	307,176,781
1936 (Old Basis)	84,548,359	18,439,265	61,078,968	164,063,492
Whole Year (Old Basis)—				
1928	212,917,900	45,062,600	111,177,600	369,158,100
1933	222,064,300	27,333,700	9,982,500	269,380,500
1934	102,769,300	20,000,000	44,878,400	166,108,700
1935	167,185,509	31,696,741	37,265,387	236,147,637
1936	160,521,116	24,423,647	70,826,230	255,570,993
Whole Year (New Basis)—				
1935	193,599,713	48,806,822	115,118,905	357,525,440
1936	184,255,833	48,806,822	288,303,201	441,399,785

Liverpool Corporation.—Issue at 101 of £3,000,000 3½ per cent. stock, redeemable at par June, 1968, or from 1961 on notice. A trustee stock. Proceeds for capital expenditure on waterworks transport, etc., and to replace £2,000,000 loans. Ranks with other current rates. 15s. 6d.; general Exchequer grant, £6,694,468; debt, £61,310,377; net debt, £49,319,718 (£1,154,689 Total productive). Estates produce £63,000 net, and electricity and transport £185,000 after interest.

Taf Fechan Water Supply Board.—Issue at 101 of £350,000 3½ per cent. registered debentures, redeemable at par December, 1957. (Trustee status.) All issues rank *pari passu*. Proceeds to repay loans in respect of stock redemption. Supplies water in bulk to 10 local authorities in Glamorganshire and Monmouthshire. Impounding capacity of reservoirs, 3,814 million gallons. Outstanding net debt, £1,676,365. Constituent authorities pay fixed contributions of £112,800 annually for specified minimum; right to precept upon these authorities for deficiencies in net revenue. List opened 9 a.m. November 5th and closed 4 p.m.

Kent Electric Power Company.—Issue of £2,000,000 3½ per cent. debenture stock at 96. Redeemable at par August, 1975, or from 1960 on notice. All debenture stocks and mortgages rank *pari passu*. Proceeds mainly towards construction of Littlebrook Station, for operation under C.E.B. direction. Managed by County of London Electric Supply Company. Assets, after depreciation, sinking funds, and creditors and temporary loan, £1,298,820. Units sold: 1935, 155,001,327; 1936, 193,032,904. Profits, after depreciation and sinking fund, before interest: 1934, £53,056; 1935, £53,624; 1936, £85,378. Payment of interest out of capital is authorised. Lists closed 9.40 a.m., November 9th. Oversubscribed.

British Coated Board and Paper Mills.—Issue of 370,000 5s. ordinary shares at par. Two factories to be established in Wales (at Treforest, cost not over £80,000, and ground rent £2,700 per annum; at Newport leased for 99 years from G.W.R., at £234 rental). Leasehold (without plant, etc.) valued at £259,750. Estimated output per week: Treforest, 250 tons; Newport, 270 tons. Cost of plant £80,947, plus alterations, £40,370. Estimated profit after interest and depreciation, £25,000. 110,000 further shares already taken at par. Loan capital, £80,000 6 per cent. 1st mortgage debenture stock. List closed 9.30 a.m., November 10th. Oversubscribed.

Court Estates, Ltd.—Issued capital 100,000 6 per cent. cumulative £1 preference shares, 100,000 6 per cent. participating £1 preferred ordinary shares (with rights to one-third of balance after fixed dividends), and 20,000 1s. deferred shares. A property investment company. Total assets £689,261 (of which £656,014 leasehold properties, subject to £423,985 mortgages, etc.). Net profit year to April 30, 1937, £17,129 (£46,859 gross). No loan capital. Borrowing powers, not more than five times share capital without sanction of general meeting (steps being taken to restrict to four times).

Telephone and General Trust.—There has been placed privately £200,000 four per cent. first debenture stock.

Associated British Maltsters.—Issue to ordinary shareholders of 200,000 5s. ordinary shares at par, in proportion of one new share for five now held.

British Steamship.—Issue to shareholders of 125,000 new 16s. shares at 16s. 6d. (one for every four held on October 23rd). The company is entitled to dividend for 1937.

Fisher and Ludlow.—Issue of 240,000 10s. ordinary shares at 32s. 6d., in proportion of one new share for £2 ordinary stock held on October 30th. Entitled to dividends for year commencing April 1, 1937.

House Property and Investment.—Issue of 50,000 £1 ordinary shares at £2, in proportion of one for every three held on November 2nd. Proceeds to reduce loans and complete purchase of properties.

Southbook Potteries.—Issue of 160,000 new 5s. shares at 7s. (two new shares to every five ordinary shares held) to finance purchase of Bourtreehill Coal Company.

Sub Nigel, Ltd.—Issued capital to be raised from £843,750 to £885,937 by creation of £4,375 10s. shares, which will be offered at £8, in ratio of one share for 20 held. The new shares rank for any dividend declared in December, 1937.

REPAYMENTS AND CONVERSIONS
Courage and Company.—Holders of £800,000 5½ per cent. debenture stock are offered £111 per £100 in 4 per cent. stock to take effect December 1, 1937.

Yorkshire Amalgamated Products.—This Company will redeem the outstanding 5 per cent. first mortgage debenture stock on May 1, 1938, at 102½.

Stock or Share	Issue price	Paid	Nov. 3, 1937	Nov. 10, 1937
Bigwood (J.) Ord. 4/-	5/6	5/6	4/74-4/10½	4/9-5/-
Do. 6% Pref. 10/-	10/-	10/-	9/44-9/10½	9/74-9/10½
Bolton (Thos.) 5% Pref. £1	101	61	20/6-21/6	20/6-21/6
Essex 3½%, 1957-62	101	31	24-23 pm	24-23 pm
Herts County 3½%	101	31	14-24 pm	24-24 pm
Hull 3½%	101	26	8-½ dis	8-½ dis
Midland 3½%, 1957-62	101	56	24-24 pm	34-34 pm
Midland Bank £1	£2	2	44-45/9 pm	44-45/9 pm
Salford 3½%	101	31	10½-10½	10½-10½
Sheffield 3½%	101	31	8-½ dis	8-½ dis
Spear and Jackson 5/-	101	5	8/9-9/3	8/9-9/3
Taf Fechan 3½%	101	5	4/6-5/-	4/6-5/-
Wakefield 3½%	101	5	2/4½-2/7½	2/2-2/6
Western Holdings 5/-	101	5	100½-101½	101½-101½
West Vlakfontein 2/6	101	5		
Weymouth 3½%	101	5		

ANSSELLS BREWERY.—Final ordinary dividend 12½ per cent. on £2,000,000, against 17½ per cent. on £997,150. Present payment equal to 25 per cent. on old capital. The year's dividend is 17½ per cent. (equal to 32½ per cent.), against 25 per cent. on the smaller capital. Net profits have increased by £107,807 to £603,735 after tax.

BANK OF NEW SOUTH WALES.—Fourth quarterly dividend at increased rate of 6s. per share, bringing total dividend for year to September 30, 1937, to 6 per cent., compared with 5½ per cent.

BRITISH INDIA STEAM NAVIGATION COMPANY.—Ordinary dividend 5 per cent. for the year to September 30th, against 2½ per cent.

BROWN BAYLEY'S STEELWORKS.—Ordinary dividends resumed for year to July 31, 1937. Previous distribution, 7½ per cent. for 20 months to July 31, 1921.

CONSOLIDATED GOLD FIELDS OF SOUTH AFRICA.—Final dividend on ordinary shares 13½ per cent., making, with jubilee bonus, 32½ against 20 per cent.

DUNSWART IRON AND STEEL.—Final dividend 8 per cent. on making 14 per cent. for year to June 30, 1937—the first since shares were marketed in December, 1936.

GUEST, KEEN AND NETTLEFOLDS.—Tax free interim dividend 3 against 2½ per cent.

PENINSULAR AND ORIENTAL STEAM NAVIGATION COMPANY.
Dividend of 4 per cent. on deferred stock for the year to September 30th, payable

SHORT BROTHERS.—Dividend 30 per cent. (same) and bonus 10 per cent., against nil.

SMITH (S.) AND SONS (MOTOR ACCESSORIES).—Dividend 62 1/2 per cent., against 37 1/2 per cent.

TIMOTHY WHITES AND TAYLORS.—Second interim 22½ per cent., making 30 per cent., less tax, for 15 months to December 31st, against 30 per cent. previous year.

UNILEVER, LTD.—Interim dividend 4 per cent. on fl. 1,000 shares.

Name of Company	* Interim † Final	Date of Pay- ment	Comparison with Last Year	Total	
				Latest Year	Previous Year
BANKS				%	%
Bank of New South Wales	...	...	...	6	5½
Commercial Bank of Scotland "A"	16†	Jan. 2	Same	16	16
Do. Do. "B"	10†	Jan. 2	Same	10	10
INSURANCE					
Alliance Assurance	8/- p.s.*	Jan. 5	Same	...	...
TEA AND RUBBER					
Badek Rubber	5%*	Dec. 1	...	...	10
Castlefield (Klang) Rubber	3%*	...	24%*	10	8
Consolidated Tea and Lands	4%*	Nov. 19	Nil*	...	6
Diember Rubber	5%*	Dec. 4	24%*	...	12½
Eastern Assam Tea	4%*	Nov. 18	Nil*	...	4
East India and Ceylon Tea	4%*	...	...	...	6
Gadek Rubber	2%*	Nov. 23	Nil*	...	2½
Highfields Ceylon Tea	4%*	...	3%*	...	...
Kanan Devan Hills Tea	4%*	Nov. 27	5%*	...	10
Kandapolla Tea	25%†	...	17½†	42½	30
Killingbali Rubber	21%*	Nov. 20	Same	5(c)	2½(c)
Kerby Rubber	5%*	Dec. 14	...	...	7(1)
North Malay Rubber	...	Nov. 27	...	8½	3½
South Perak Rubber	7½%†	...	...	10	2½
Sungei Buaya Rubber	5%*	Nov. 27	Same	...	12½
Sungei Buloh Rubber	7½%*	...	Same	...	...
Vallambrosa Rubber	...	...	...	...	...
MINING					
Associated Mining and Finance ...	...	...	...	8½	10-416
Ever Hitam Tin	20%*	Dec. 3	5%*	...	...
Bilolo Gold	\$1-50*	Dec. 10	\$1-40*	...	...
Central Mining and Investment	5%*	Nov. 24	Same	...	...
Consolidated Gold Fields of South Africa	13½%†	Dec. 16	...	32½	20
Mount Lyell Mining, etc.	10%†	Dec. 20	7½†	17½	10
Pari Tin	5%†	Dec. 2	21%†	...	...
Placer Development	60 c.*	Nov. 10	50 cents*	...	...
Rawang Concessions	10%*	Nov. 24	5%*	...	...
OTHER COMPANIES					
Amalgamated Press	5%*	Nov. 29	Same	...	...
Anglo-Scottish Tea Investment ...	...	...	...	4	3
Ansell's Brewery	121%†	...	(e) 17½%†	(d) 17½	25
Associated British Maltsters	...	...	...	10	15
Bird (Sydney S.) and Sons	17½%†	...	...	...	...
Bowmaker	7%†	Nov. 30	Same	10	10
British Bedaux	4%*	Nov. 30	Same	...	...
British India Steam	...	...	...	5	2½
British Syphon	...	...	...	7	7
Brown Baxley's Steel	...	...	...	10½	Nil
Burttisland Shipping	2%*	...	Same	...	8
Charrington, Gardner, Lockett & Co.	5%*	Nov. 17	Same	...	...
Chinnor Cement and Lime	4%*	Nov. 23	...	...	...
Connaught Estates	24%*	Dec. 4	Same	...	...
Consolidated Trust (Deferred)	3%*	Nov. 20	Same	...	8
Cowburns and Scotts	...	...	...	...	...
Daily Mail and General Trust	43½%†	Dec. 4	Same	11½†	11½†
Dalgely and Co.	4/3 p.s.*	...	3/6 p.s.*	8	6½
Delhi Electric Supply	4%*†	...	Same	...	...
Dunsmuir Iron and Steel	8%*†	...	...	14	...
Electrical Switchgear	10%†	...	...	16	7½
Electrolux Corporation	70 c. ps*	Dec. 15	Same	...	...
Energien Foods	10%*	Nov. 19	Same	...	20
First Scottish American Trust	6%*	Dec. 1	Same	...	20
Fortnum and Mason	12½%†	Dec. 30	10%†	15	12
Fremans, Ltd.	...	Nov. 26	Same	10	10
Galloway (John) and Company	24%*	...	Same	...	5½
Gartside's (Brookside) Brewery ...	5%*	Nov. 19	Same	...	...
Green (J. W.)	15%*†	Dec. 15	13%†	19	17½
Griev (J.) and Company	4%*	...	6%*	...	...
Guest, Keen and Nettlefold	3%*†	Dec. 18	2½%†	...	...
Harrods (Buenos Aires)	...	...	...	1½	Nil
Indian and General Invest. (Def.)	5%*	Dec. 7	Same	...	13½
Industrial Newspapers (Def.)	...	Nov. 24	...	16-171	...
Ingis and Company	10%*†	Dec. 1	Same	...	...
Jacobs (John L.)	5%*	Nov. 26	Nil*	...	7½
Kia-Ora	...	...	...	3½	3
Landa General Investment (Def.)	3½%*	Nov. 29	Same	...	...
Maroc, Ltd.	121%†	Dec. 2	50%†	30	75
Mid-European Corporation	1%*	Dec. 1	Same	...	3
Moors and Robsons Breweries	20%†	...	Same	25	25
Monte Video Gas	...	Dec. 1	...	31	Nil
Ocean Salvage, etc.	...	...	...	24½	4
Peninsular & Oriental Steam(Def.)	41½%*	Dec. 16	Same	4	10
Perrett and Sarrette	...	...	...	...	...
Phipps (P.) and Company	10%†	...	Same	15½	15½
Radio Corp. of America (Com.) ...	20 c. ps	...	Nil	...	...
Short Brothers	...	...	...	40	30
Smith (S.) Motor Pref. Ord.	14%†	...	...	21	17½
Do. do. def. ord.	...	...	...	50	37½
Steel Ceilings	5%†	...	...	7½	5
Thomas (Richard) and Company	8 5%*	Jan. 17	Same	...	...
Titanium	10%*	...	20%*	...	...
Trevaard and Patagoa Bay Inv.	(g) 20%*	...	(g) 25%†	(g) 32½	(g) 32½
Ward and Goldstone	(g) 5%*	...	Same	...	...
Warner Estate	3%*	Dec. 1	Same	...	...
Weardale Steel, etc. (Def.)	...	...	...	12½	10½
West London Property	2½*	Nov. 19	Same	...	6
Whites (Timothy) and Taylors	22½%*	...	22½%†	(b) 30	30
Woodhead (Jonas) and Sons	...	...	...	10	7½

(a) Paid on a larger capital. (b) To date. (c) To date. (d) Equal to 32½ per cent. on the old capital. (e) Paid on capital of £997,150. (f) Paid on capital of £2,000,000. (g) Free of South African ordinary income tax. (h) Payable on £1,250,000 more capital. † Free of Income Tax.

on \$1,250,000 more capital. + 1100 of interest paid



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IMPERIAL AIRWAYS, LIMITED

DEVELOPMENT OF EMPIRE SERVICES

The thirteenth ordinary general meeting of Imperial Airways, Limited, was held, on the 10th instant, at the Hotel Victoria, London.

Sir J. George Beharrell, D.S.O. (the chairman), after paying a tribute to the services of the late Sir Eric Geddes and the late Sir Samuel Instone, said that the gross profit of £394,041 was £24,607 greater than that of the previous year. The board recommended a dividend of 7 per cent. and a bonus of 2 per cent. on the old ordinary shares. The one million new ordinary shares did not rank for dividend until next year.

The total volume of traffic carried had increased by about 7½ per cent. The rate of increase was less than had been obtained for the previous year, but that was to be expected because the previous year's rate of growth had been the result of the increased frequency of their Empire services, which gave a consequent increase in the capacity available for sale. The late chairman had informed them two years ago that they had ordered for the European services new aircraft which would be larger and much faster than the existing fleet. Unfortunately, none of those new land planes had yet been delivered, and the first was now more than a year overdue. The delay in delivery was a serious matter, definitely retarding the development of the European services, and it might delay the introduction of certain of the stages leading up to the completion of the full programme of services under the Empire Air Mail Programme. There had been no lack of foresight in the designing and ordering of the new fleet, and there had been no alternative British aircraft available.

Their new services to Singapore had operated to a twice-weekly frequency throughout the year. On the England to Johannesburg service their traffic had shown a slight increase, but, speaking of Empire routes generally, the growth of mails had curtailed the growth of passenger traffic, and clearly additional capacity was needed.

CHANGES ON EMPIRE ROUTES

A brief general review of the Empire routes for the past year and the current year would show a history of progressive substantial improvements in revenue earned and in economic operation and of very extensive planning and preparatory work in connection with the establishment of the Empire Air Mail Programme. Their Empire Trunk Routes were being changed from mainly land-plane services to mainly flying-boat services. Last year he had told them that the first of the fleet of twenty-eight of their Empire flying-boats had completed its trials with outstanding success, and that a sister ship was about to leave for the Mediterranean. Not only was that a triumph of design and construction by the builders, Messrs Short Brothers, but the subsequent delivery of the others of the fleet had been a triumph of production. Already they had had twenty-five delivered, and, taking into account the pressure of re-armament and the consequent demand for skilled labour, that was most satisfactory. Those aircraft were, he believed, the fastest commercial flying-boats in the world. The "Cambria" had to her credit the fastest crossing of the Atlantic in ten hours, thirty-six minutes, and the "Caledonia" had flown non-stop between Southampton and Alexandria in both directions.

At the extraordinary general meeting in June he had described the new agreement with the Government. He had indicated that its magnitude necessitated its being brought into operation in progressive stages, and had said that separate arrangements were being made for the interim period before the full scheme was in operation. There was nothing he could now usefully add except that the first important stage in the interim arrangements had been concluded by the execution of an agreement for the England-South Africa "all-up" mail service for the period from June 29th to December 31st next. It was hoped by the latter date the full scheme would be in operation.

After referring with satisfaction to the successful Trans-Atlantic experimental flights and to the proposed new London terminus, he went on to say that the big expansion in their service required to carry out the terms in their new agreement with the Government would, they hoped, be completed by early next summer.

Referring to the recent issue of ordinary shares at 30s. per share and the criticism of their action, the chairman said that after very careful consideration of certain fundamental matters the board had decided that that was a fair price. It would be necessary in the course of the next six months to make a further issue, the terms of which would be decided after consultation with the Treasury.

The report and accounts were unanimously adopted.

LAKE VIEW AND STAR, LIMITED

DISTRIBUTION OF 50 PER CENT.

The twenty-seventh ordinary general meeting of Lake View and Star, Limited, was held, on the 11th instant, at 20 Alderbury, London.

Mr John A. Agnew (the chairman) said that the profit for the year under review amounted to £439,905, which was £38,509 less than that for the previous year. The difference was accounted for by an increased amount of development work, which was reflected in an improved ore reserve position, and to a slight falling off in head value of ore treated. From 581,918 tons of company's ore treated the gold recovered had realised £993,124. From the treatment of 718,330 tons of tailings £126,281 had been realised, and in addition there had been a small profit on tributing operations.

Three interim dividends of 12½ per cent. each had been paid or declared during the year, and the directors had decided to recommend a final dividend of 12½ per cent., making a total distribution for the year of 50 per cent. That would leave £10,087 to be carried forward.

SATISFACTORY DEVELOPMENT RESULTS

Development work on the whole had been attended with very satisfactory results and, if some exposures had not quite come up to expectation, those had been more than offset by the better results achieved elsewhere.

The chairman referred to a cable just received from the general manager, which stated that several good lengths of ore had recently been opened up in the Hannan's Star Section on the Morrison's West Lode, in the Associated on both the Tetley Lode and the East Branch of the Cross Lode, and in the Lake View Consols on the Perseverance Lode, all of which showed values above the average grade. He also referred to a diamond drill bore which had disclosed 51 inches of ore averaging 19 dwts. per ton on the 1,200 ft. level in the Lake View Section.

The ore reserve position was again most satisfactory. At June 30, 1937, those reserves stood at 3,414,600 tons of an average grade of 5.68 dwts. per ton, representing a net increase of 217,400 tons, notwithstanding the fact that 592,926 tons had been extracted during the year, and a decrease in value of 0.21 dwt. per ton, as compared with the estimate shown a year ago.

It might be emphasised that 33,101 ft. of development was accomplished during the year, that representing an increase of 8,049 ft. over last year's figures and 5,541 ft. more than that of the previous record attained in 1934-35. That bore out the general manager's statement last year that 25,000 ft. of development should be sufficient to keep the reserves five years in this year being accounted for by the extra development work undertaken.

At the Associated Retreatment Plant, 718,330 tons of residues had been treated, an increase of 113,093 tons over the preceding year. The plant had continued to run satisfactorily, the installation of a two-stage centrifugal pump in the early part of the year having resulted in a considerable increase in the tonnage treated. Recently extra residue dumps from the North Kalgurli company had been acquired, and their acquisition was all the more useful in that they would not only prolong the life of the present plant, but provision for their treatment would entail very little capital expenditure. In the metallurgical section the benefit gained from the installation of the Van Tongeren dust collector was very noticeable.

WORKING COSTS

Working costs at 21s. 3.10d. were 7.52d. higher, the rise being more than accounted for by the increased development footage. In regard to power, the saving effected by the use of their own oil container, with consequent lower transport costs, had resulted in a decreased cost of power chargeable to treatment of over 3d. per ton of ore. The erection of that container and the provision of the necessary transport wagons had been an unqualified success.

The results of the past year made evident the truth of what he had said in the past regarding the unreasonable and short-sighted policy which imposed upon an industry of vital importance to the country a burden based on the good results being obtained from an extremely small proportion of the mines operating in the State. They could have expected to receive more sympathetic treatment for an industry which was probably worth more to the State than all the other primary industries combined. The report was unanimously adopted.

AMALGAMATED BANKET AREAS, LIMITED

SUBSTANTIAL ORE RESERVES

The ordinary general meeting of Amalgamated Banket Areas, Limited, was held, on the 10th instant, at River Plate House, London, Mr H. G. Latilla (the chairman) presiding.

The Chairman, in moving the adoption of the report and accounts, said that they were expending large sums of money on the development and equipment of their mines, and had already spent a quarter of a million sterling on plant and machinery, quite apart from actual mine development expenditure. It was only natural that they should spend a good deal of money because they were developing such a large area, by the exploitation of which they were learning to appreciate what they really had in the way of a mining property and could establish what the future held for them.

Their financial position was strong; they had at the moment £270,000 lying with their bankers. Last year he had endeavoured to bring home to shareholders what the extent of their holding was and had pointed out that their area covering the gold-bearing banket formation was bigger than the joint holdings on the Rand of the Sub-Nigel, Brakpan, Daggafontein, Government Areas, and Geduld companies. He repeated that with the idea of impressing on his hearers the importance of their undertaking, because in the light of their mine developments what he had told them in July, 1936, not only still held good, but results confirmed what they had always believed. It was, he thought, true that the company was an outstanding goldmining proposition.

DIVIDEND PAYMENTS

They had followed the precedent of last year by declaring an interim dividend of 5 per cent., and, although that distribution might be considered modest, they had the distinction of having paid a dividend in each year of their existence. The substantial addition to the ore reserves could not have failed to impress them. Last year they had published proved ore reserves at Abbontiakoon, Mantraim, and Pepe, aggregating 952,964 tons, whereas this year's proved total at August 31st was 1,785,230 tons, an increase of 832,266 tons.

In designing the power plant provision had been made for a second unit of the new mill, which would increase the mill capacity to 60,000 tons per month. In his view the actual economic limit to tonnage production would eventually exceed that figure, but what the ultimate plant capacity might be would depend on the results of development. In his opinion the company would become one of the most important producers of gold over a period which would run into a great number of years.

MR AGNEW'S REMARKS

Mr John A. Agnew said that in the Abbontiakoon section there were three points of interest. The first was the disclosures in Nos. 10 and 11 levels south and in the rise connecting with those levels. The lengths of ore so far opened up and values disclosed were most satisfactory, and the results to date afforded to some extent confirmation of the belief they had held for some time that in the section of unproved ground, between the Abbontiakoon and Tarquah, there existed stretches of highly profitable ore. The second was the work carried out in the north end of mine on the seventeenth level, where a length of over 520 ft. of ore had been exposed, which averaged 10.63 dwt. per ton in value. The third point was the exploratory campaign in the upper levels of the mine, clearing out some of the older workings, including stopes. That had already disclosed a great deal of ore of a highly profitable character.

On Mantraim development work had been of a most promising character, the reef showing a width of between 60 and 80 inches, and values ranging between 6 dwt. and 7.4 dwt. per ton. On the Pepe section a very considerable amount of development work had been carried out with highly satisfactory results. Big widths of ore were shown over great lengths so far developed. The general manager indicated a probable production of something like 2,700,000 tons of ore ultimately available from Pepe. While he was of opinion that a greater tonnage would be won, it would be misleading to infer that anything approaching that was at present sufficiently developed to enable a reasonably close estimate of value to be placed upon it. As regarded the Akantansi Section, insufficient work had as yet been carried out to enable them to form more than a general impression as to the possibilities that existed in that part of the property. They could confidently rely, however, upon producing a very valuable contribution to the mill from that section.

The report and accounts were unanimously adopted.

PRICES, TAILORS, LIMITED

INCREASED SALES AND PROFITS

The ninth annual general meeting of Prices, Tailors, Limited, was held, on the 9th instant, in London, Sir Henry Price (chairman and managing director) presiding.

The Chairman, in the course of his speech, said that the trading profit for the past year was £521,788, compared with £446,470 for the previous year. The preference and preferred ordinary dividends had already been paid, and they had transferred to Price's Trust Company by way of dividend upon the ordinary share capital the sum of £192,000, after deduction of income tax. He was sure it would be agreed that the past year's trading was in every way satisfactory.

The number of depôts open throughout the British Isles and Northern Ireland on June 30, 1937, was 313, compared with 290 on the corresponding date last year. Their sales had shown a consistent increase during the year.

"Rational tailoring," in the past year or so had passed into the "national class," by which he meant that the term "rational tailoring" was now synonymous with "national tailoring." This placed upon them a special responsibility and one which they had accepted. To keep the nation well clothed with good suits at a price which people could afford to pay was, in their view, to make a substantial contribution to the national health and the national wealth. Their organisation was very elastic and quite able to take charge of any change of fashion, whether in colour or style.

With regard to the increase in the price of cloth the directors had decided to maintain fully the value of their goods and to meet the increase in the cost of production by an increase in sales, and he might say that they quite expected to maintain the ratio of their profit advance during the present year.

The report was unanimously adopted.

At the third annual general meeting of Price's Trust Company, Limited, held subsequently, Sir Henry Price said that the total revenue was £192,579, compared with £162,577 last year, and the directors recommended a final dividend of 32½ per cent., making 45 per cent., less tax, for the year, compared with 30 per cent. for the previous year. He was confident that when they met next year he would have another satisfactory statement to put before the shareholders.

ARGENTINE GREAT WESTERN RAILWAY COMPANY, LIMITED

The ordinary general meeting of this company was held, on the 8th instant, in London.

The Chairman, in the course of his speech, said:—You have all received a copy of my speech at the meeting of the Buenos Aires and Pacific Railway. The relevant thing in sending you that speech is that you are then able to know the position of the system as a whole, and unless you did know that, you could not learn very much about the position merely from hearing a speech about one section of it.

I would begin by pointing out how we stand as regards the proceeds of the earnings. The interest on our first and second debentures has been paid at due dates. As regards the five per cent. debenture stock, since the last meeting three payments, each

KANSALLIS - OSAKE - PANKKI

(NATIONAL JOINT STOCK BANK)
ESTABLISHED 1889

PAID-UP CAPITAL AND RESERVES	FMK 537,000,000
DEPOSITS AND CREDIT BALANCES September, 1937	3,959,000,000

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of one half-year's interest, have been made on this stock. There was a payment last December, there was another in March, another in July, and we have given notice of the payment of another half-year's interest to be made on December 1st. As regards our preferred, our preference and our ordinary stocks, it is regretted that it is not possible to make any payment upon them.

The Pacific report shows you that losses on exchange during the last five years have amounted to over £3,200,000 and on the last year's working the losses on exchange were 40 per cent. That really accounts for the whole thing.

Last year we carried 647,000 tons of wine, the highest tonnage since 1929. The position of our goods traffic continues to improve. In 1933 we carried 1,400,000 tons, and in 1937, 1,700,000 tons. That is an increase of 300,000 tons in four years.

The report and accounts were unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended November 6, 1937, amounted to £16,963,000, against ordinary expenditure of £28,758,000. After increasing Exchequer Balances by £121,398 the operations for the week, as shown below, increased the gross National Debt by £12,147,000, to about £8,242 millions.†

(000's omitted)	
Treasury Bills.....	+ 7,073
Public Department Advances	+ 5,500
Land Sett. (Fac.) Acts	+ 14
Tithe Act.....	+ 60
	+ 12,647
	— 500

† Including £575 millions on account of Exchange Equalisation Account.

An approximate analysis of the National Debt as at September 30, 1937, appeared on page 41 of *The Economist* of October 2.

Receipts into the Exchequer					
REVENUE	Estimate for the year 1937-38	April 1, 1937, to Nov. 7, 1936	April 1, 1937, to Nov. 6, 1937	Week ended Nov. 7, 1936	Week ended Nov. 6, 1937
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	288,150,000	66,631,000	76,554,000	5,964,000	6,277,000
Sur-tax	58,000,000	6,700,000	7,750,000	1,500,000	1,800,000
Estate, etc., Duties	89,000,000	50,320,000	55,160,000	1,080,000	1,390,000
Stamps	29,000,000	13,290,000	12,130,000	590,000	320,000
Other Inland Revenue	1,500,000	130,000	220,000	...	40,000
Duties	2,000,000	...	...	...	...
National Defence Contribution	...	...	...	...	...
Total Inland Revenue	467,650,000	137,071,000	151,844,000	7,484,000	8,217,000
Customs and Excise—					
Customs	219,850,000	128,416,000	135,361,000	4,816,000	4,805,000
Excise	113,150,000	64,900,000	68,000,000	1,300,000	1,400,000
Total Customs and Excise	333,000,000	193,316,000	203,361,000	6,116,000	6,205,000
Motor Vehicle Duties	34,000,000	10,907,000	11,090,000	1,206,000	1,168,000
Post Office (Net Receipt) ...	11,800,000	10,000,000	9,580,000	1,000,000	1,250,000
Post Office Fund	...	...	24,659	...	24,659
Crown Lands	1,350,000	910,000	900,000	...	...
Receipts from Sundry Loans	4,300,000	3,147,856	3,633,604	84,609	85,619
Miscellaneous Receipts.....	11,000,000	13,912,771	8,452,718	61,333	12,239
Total Ordinary Revenue ...	963,100,000	369,264,627	388,885,981	15,951,942	16,962,517
SELF-BALANCING REVENUE					
Post Office (Revenue required to meet expenditure on Post Office and Broadcasting)...	75,198,000	39,300,000	42,170,000	1,000,000	900,000
Total	...	408,564,627	431,055,981	16,951,942	17,862,517

Issues out of the Exchequer to meet payments					
EXPENDITURE	Estimate for the year 1937-38	April 1, 1937, to Nov. 7, 1936	April 1, 1937, to Nov. 6, 1937	Week ended Nov. 7, 1936	Week ended Nov. 6, 1937
ORDINARY EXPENDITURE					
Interest and Management of National Debt	224,000,000	142,477,255	145,308,383	14,528,523	14,546,965
Payments to Northern Ireland	8,000,000	3,842,163	4,273,664	248,465	256,786
Other Consolidated Fund Services	3,200,000	1,448,031	1,913,751	47,129	...
Post Office Fund	300,000	420,529	...	420,529	...
Total	235,500,000	146,747,978	151,495,798	15,244,646	14,803,751
SELF-BALANCING EXPENDITURE					
Post Office Vote and Vote for Broadcasting	75,198,000	39,300,000	42,170,000	1,000,000	900,000
Total	...	186,047,978	193,665,798	16,244,646	15,703,751

† Including margin for Civil Supplementary Estimates but exceeding £80,000,000 estimated to be met from borrowed moneys under the Defence Loans Act, 1937.
‡ Motor Vehicle Duties apportioned to Road Fund treated as Self-Balancing in 1936-37 now added to Revenue and Expenditure figures for purposes of comparison.

The aggregate issues and receipts from April 1, 1937, to November 6, 1937, are shown below:—

(000's omitted)	
Ordinary Expenditure	515,585
Issue to Exchange Equalisation Fund (July, 1937)	200,000
Ordinary Revenue	258,886
Decrease in balances	82
Gross borrowing	£392,762
Less:—	
New sinking fund	£5,736
Old S. Fund, 1907-08	9
Net borrowing	327,017
	715,985

POSITION OF THE FLOATING DEBT

Ways & Means Advances Outstanding:	Nov. 7, '36	Mar. 31, '37	Nov. 6, '37	Nov. 6, '37
Advances by Bank of England	31,750,000	23,535,000	37,580,000	+ 5,500,000
Advances by Public Departments	837,510,000	674,585,000	902,335,000*	+ 7,075,000
Treasury Bills outstanding	869,260,000	698,130,000	939,915,000	+ 12,575,000

* Includes £3,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £45,000,000 Treasury Bills were opened on November 5, 1937. The amount applied for was £85,075,000. Tenders were accepted for Treasury Bills at three months dated Monday to Friday at £99 17s. 5d. about 47 per cent. and above, in full; Saturday at £99 17s. 6d. and above, in full. The average rate per cent. was 10s. 1.49d.

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 4, 1935	30,000,000	49,560,000	27,500,000	0 8 1.64
July 5, 1935	40,000,000	60,905,000	40,000,000	0 12 4.32
January 3, 1936	35,000,000	68,075,000	35,000,000	0 10 10.72
July 8, 1936	50,000,000	72,750,000	50,000,000	0 12 1.27
January 1, 1937	40,000,000	75,450,000	40,000,000	0 12 5.63
April 2, 1937	45,000,000	73,025,000	43,000,000	0 10 10.68
July 2, 1937	45,000,000	72,840,000	42,000,000	0 11 0.45
October 1, 1937	50,000,000	84,285,000	50,000,000	0 10 9.02
October 29 1937	45,000,000	84,495,000	45,000,000	0 10 1.55
November 5, 1937	45,000,000	85,075,000	45,000,000	0 10 1.49

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended October 9, 1937	617,973	463,480
Week ended October 16, 1937	611,645	458,734
Week ended October 23, 1937	558,541	418,908
Week ended October 30, 1937	598,960	449,220

THE BANKERS' GAZETTE

BANK OF ENGLAND RETURN FOR WEEK ENDED WEDNESDAY, NOVEMBER 10, 1937

ISSUE DEPARTMENT

Notes issued:—		
In Circulation	485,573,284	11,013,109
In Banking Department	40,833,341	188,137,510
Government Debt	...	830,030
Other Government Securities	...	9,360
Other Securities	...	200,000,000
Amount of Fiduciary Issue	...	326,406,625
Gold Coin and Bullion	...	526,406,625

BANKING DEPARTMENT

Proprietors' Capital	14,553,000	103,908,165
Reserve	3,190,721	...
Public Deposits*	30,678,962	...
Other Deposits	...	...
Advances	£3,412,836	29,155,697
Securities	£20,742,861	40,833,341
Notes	...	1,528,652
Gold and Silver Coin	...	175,425,855

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

Both Departments	Amount, Nov. 10, 1937	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	485,573,284	— 335,394	+ 36,950,811
Public deposits	30,678,962	+ 394,272	+ 15,763,067
Bankers' deposits	30,908,980	+ 1,473,791	+ 7,131,577
Other deposits	36,094,182	— 538,188	+ 5,492,477
Total outside liabilities	643,255,418	+ 984,481	+ 42,080,824
Capital and reserves	17,743,721	— 28,778	— 11,759
Government debt and securities	303,040,775	+ 518,152	— 35,491,990
Discounts and advances	8,412,836	+ 592,717	— 214,993
Other securities	21,580,891	+ 27,141	— 530,743
Silver coin in issue department	9,360	— 4,008	— 45,848
Coin and bullion (bank's reserves)	327,935,277	— 56,463	+ 78,361,629
Reserves of notes and coin in banking department	42,361,993	+ 278,931	— 20,580,173
Proportion of reserve to outside liabilities—			
(a) Banking Department only ("proportion")	28.9%	No change	— 13.8%
(b) Gold stocks to deposits and notes ("reserve ratio")	51.0%	— 0.1%	+ 10.5%

AUSTRALIAN COMMONWEALTH BANK

In £'s (000's omitted)		Nov. 9, 1936	Oct. 11, 1937	Oct. 18, 1937	Oct. 25, 1937	Nov. 1, 1937	Nov. 8, 1937
ASSETS							
Gold and English sterling	19,002	16,007	16,007	16,007	16,007	16,007	16,007
Other coin, bullion and cash	5,326	5,399	5,399	5,399	5,399	5,399	5,399
Money at short call—London	19,760	37,901	36,085	35,994	35,580	35,580	35,580
Short-term loans	8,627	2,849	3,039	3,136	3,136	3,136	3,136
Securities	74,667	77,967	78,022	78,022	78,022	78,022	78,022
Discounts and advances	8,412	10,470	10,452	10,452	10,452	10,452	10,452
LIABILITIES							
Notes issued	47,038	48,784	48,784	48,784	48,784	48,784	48,784
Reserve premium on gold	7,753	7,753	7,753	7,753	7,753	7,753	7,753
Deposits	70,354	86,348	84,939	84,939	85,065	85,065	85,065

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

ASSETS		Nov. 2, 1936	Oct. 11, 1937	Oct. 18, 1937	Oct. 25, 1937	Nov. 1, 1937	Nov. 8, 1937
Gold	2,801	2,801	2,801	2,801	2,801	2,801	2,801
Sterling exchange	16,216	17,567	17,709	17,595	17,595	17,595	17,595
Advances to State	4,449	4,108	4,278	4,268	4,268	4,268	4,268
Investments	2,248	2,906	2,906	2,906	2,906	2,906	2,906
LIABILITIES							
Bank notes	11,564	13,081	13,117	13,273	13,263	13,263	13,263
Demand liabilities — Govt.	4,235	5,233	5,130	4,860	4,631	4,631	4,631
Other	8,544	7,596	7,953	7,729	8,326	8,326	8,326
Ratio of reserves to sight liabilities	78.1%	78.6%	78.3%	78.9%	76.1%	76.1%	76.1%

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

ASSETS		Nov. 4, 1936	Oct. 20, 1937	Oct. 27, 1937	Nov. 3, 1937
Reserve, of which	189,740	212,682	208,350	210,840	210,840
Gold coin and bullion	179,369	179,511	179,533	179,619	179,619
Investments	157,358	182,291	185,325	202,555	202,555
LIABILITIES					
Note circulation	130,262	163,178	160,706	160,742	160,742
Deposits: Dominion Government	21,635	32,152	31,226	33,102	33,102
Chartered banks	189,719	189,124	191,631	211,617	211,617
Ratio of reserves to notes and deposit liabilities	55.5%	55.2%	54.2%	51.8%	51.8%

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

ASSETS		Nov. 6, 1936	Oct. 8, 1937	Oct. 15, 1937	Oct. 22, 1937	Oct. 29, 1937	Nov. 5, 1937
Gold coin and bullion	22,930	22,938	22,938	22,938	22,938	22,938	22,938
Bills discounted: Foreign	6,243	5,490	5,870	6,384	6,186	6,186	6,186
Investments	1,745	1,725	1,725	1,800	1,800	1,800	1,800
Other assets	11,381	10,757	10,794	10,383	10,825	10,825	10,825
LIABILITIES							
Notes in circulation	15,018	16,388	15,598	15,269	17,356	17,356	17,356
Deposits: Government	1,515	1,753	2,162	2,488	1,653	1,653	1,653
Bankers	20,164	17,971	19,131	18,684	17,277	17,277	17,277
Ratio of cash reserves to liabilities to public	56.6%	57.7%	57.4%	57.1%	56.9%	56.9%	56.9%

MONTHLY STATEMENT OF LONDON CLEARING BANKS

(000's omitted)

Average Weekly Balance October, 1937	Barclays Bank Limited	Coutts and Co.	District Bank Limited	Glyn, Mills and Co.	Lloyds Bank Limited	Martins Bank Limited	Midland Bank Limited	National Bank Limited	National Provincial Bank Limited	Westminster Bank Limited	Williams Deacon's Bank Limited	Aggregate
ASSETS	£	£	£	£	£	£	£	£	£	£	£	£
Coin, bank notes and balances with the Bank of England	43,272	2,047	7,925	3,924	39,932	9,438	52,092	3,276	31,314	37,009	3,717	233,946
Balances with and cheques in course of collection on other banks in Great Britain and Ireland	11,981	796	1,925	1,263	10,136	2,826	12,020	275	6,732	9,479	1,741	59,174
Items in transit	...	...	...	...	3,378	670	...	...	...	...	...	4,048
Money at call and short notice	25,015	3,019	8,990	10,457	30,519	6,684	26,567	4,850	18,025	24,234	6,199	164,559
Bills discounted	52,768	1,214	3,903	475	52,352	3,049	85,292	1,470	39,579	55,236	773	296,111
Investments	106,299	8,855	29,831	12,052	114,369	29,862	113,921	14,439	86,012	111,325	12,060	639,025
Advances to customers and other accounts	198,062	11,008	30,154	12,593	166,814	45,268	215,852	16,513	136,746	137,086	13,691	983,787
Liabilities of customers for acceptances, endorsements, etc.	9,428	532	9,529	2,484	32,336	8,024	20,161	351	9,487	22,607	1,061	116,000
Bank premises account	7,532	412	1,554	740	7,618	2,726	9,942	676	7,386	5,331	1,086	45,003
Investments in affiliated banks and subsidiary companies	6,968	...	...	...	3,325	...	7,745	...	2,514	2,993	...	23,545
	461,325	27,883	93,811	43,988	460,779	108,547	543,592	41,850	337,795	405,300	40,328	2,565,198
Ratio of cash to current, deposit and other accounts	10.16	8.07	10.12	9.90	9.89	10.14	10.47	8.74	10.07	10.17	10.16	10.12
LIABILITIES												
Capital paid up	15,858	1,000	2,976	1,060	15,810	4,160	14,248	1,500	9,479	9,320	1,875	77,286
Reserve fund	10,250	1,000	2,976	530	9,000	3,300	11,500	1,130	8,000	9,320	800	57,806
Current, deposit and other accounts	425,789	25,351	78,330	39,629	403,627	93,044	497,683	37,501	310,829	364,042	36,592	2,312,417
Acceptances, endorsements, etc.	9,428	532	9,529	2,484	32,336	8,024	20,161	351	9,487	22,607	1,061	116,000
Notes in circulation	...	...	...	...	...	...	...	...	...	...	...	...
Reduction of bank premises account	...	...	...	285	...	...	...	...	...	...	...	285
	461,325	27,883	93,811	43,988	460,779	108,547	543,592	41,850	337,795	405,300	40,328	2,565,198

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

ASSETS	Nov. 7, 1937	Oct. 7, 1937	Oct. 15, 1937	Oct. 23, 1937	Oct. 30, 1937	Nov. 6, 1937
Gold	2,452,337	2,530,922	2,538,063	2,570,925	2,672,472	2,708,355
Of which held abroad	433,185	538,353	548,605	591,960	706,689	751,622
Foreign exchange	49,689	474,348	474,280	482,073	482,584	483,989
Discounts	48,252	9,085	8,982	9,793	10,523	10,183
Advances	44,498	27,789	26,648	25,740	26,647	27,483
Securities	39,410	15,906	15,906	15,906	15,897	15,897
LIABILITIES						
Notes in circulation	1,382,534	1,413,687	1,400,581	1,392,993	1,450,002	1,418,788
Deposits	1,205,290	1,613,751	1,638,891	1,686,188	1,737,390	1,809,536

N.B.—Exchange Equalisation Fund and assets included in returns Dec. 31, 1936, onwards at 538,583,653 fcs.

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

ASSETS	Nov. 7, 1937	Oct. 7, 1937	Oct. 15, 1937	Oct. 23, 1937	Oct. 30, 1937	Nov. 6, 1937
Gold reserve	436,927	467,972	468,345	468,645	468,741	468,741
Government securities: Swedish	28,678	2,000	2,000	2,000	2,000	2,000
Foreign	70,456	43,226	43,715	44,613	44,901	44,901
Gold abroad not included in the gold reserve	89,905	68,497	68,441	68,396	68,382	68,382
Balances with foreign banks	279,168	290,971	277,326	278,181	282,185	282,185
Bills payable in Sweden	12,474	13,371	13,246	13,445	13,394	13,394
Bills payable abroad	264,872	692,777	705,392	704,132	703,463	703,463
Advances	29,160	23,604	23,650	24,112	23,728	23,728
LIABILITIES						
Notes in circulation	812,610	879,713	849,063	931,270	896,091	896,091
Deposits: Government	121,504	140,330	138,115	118,493	136,197	136,197
Commercial banks	393,815	755,514	781,778	729,843	747,178	747,178
Other	15,733	8,596	8,711	8,474	8,673	8,673

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

ASSETS	Oct. 31, 1936	June 30, 1937	July 31, 1937	Aug. 31, 1937	Sept. 30, 1937	Oct. 30, 1937
Gold coin and bullion	117,944	117,893	117,892	117,885	117,878	117,882
Loans and discounts	120,985	102,595	104,293	98,010	98,880	103,271
Securities	59,495	52,892	52,009	51,634	53,385	58,004
Emergency Fund	133,170	116,171	114,309	114,318	115,434	115,041
Advances to Treasury	55,070	116,099	105,379	99,779	102,758	68,647
LIABILITIES						
Notes in circulation	407,359	387,435	385,663	376,478	385,022	413,145
Deposits: Government	30,960	64,725	49,426	52,954	58,893	48,833

BANK OF PORTUGAL.—In escudos (000's omitted)

ASSETS	Oct. 7, 1936	Sept. 8, 1937	Sept. 15, 1937	Sept. 22, 1937	Sept. 29, 1937	Oct. 6, 1937
Gold	910,453	916,432	916,442	916,457	916,464	916,474
Balances abroad	529,492	613,009	611,346	635,881	648,414	650,795
Discounts	322,746	319,223	316,669	312,019	326,282	320,177
Securities	121,388	124,410	124,411	124,410	124,411	124,410
Government loans	1,044,860	1,042,249	1,042,249	1,042,249	1,042,249	1,042,249
LIABILITIES						
Notes in circulation	2,131,662	2,105,574	2,092,545	2,081,550	2,122,631	2,151,174
Deposits: Government	483,619	303,785	286,558	309,440	314,156	310,787
Bankers	394,795	722,384	754,994	761,120	745,679	711,402
Other	56,392	105,626	99,637	95,849	93,704	86,053
Foreign commitments	37,860	52,212	51,299	51,216	56,742	56,757

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

ASSETS	Oct. 31, 1936	Oct. 7, 1937	Oct. 15, 1937	Oct. 23, 1937	Oct. 30, 1937
Gold	2,501,518	2,569,396	2,569,365	2,569,116	2,568,768
Balance abroad and foreign currencies	464,276	413,709	428,912	447,930	446,638
Discounts and advances	1,619,613	2,375,126	2,188,992	2,166,872	2,447,985
State notes debt balance	2,029,476	2,013,192	2,012,815	2,012,992	2,012,584
LIABILITIES					
Bank notes in circulation	5,651,715	6,188,301	6,011,461	5,875,755	6,516,240
Deposits	503,526	486,314	523,682	600,195	304,064

NATIONAL BANK OF JUGOSLAVIA

In dinar (000's omitted)

ASSETS	Oct. 31, 1936	Oct. 15, 1937	Oct. 22, 1937	Oct. 31, 1937
Cash reserve:				
Gold at home and abroad	1,591,569	1,725,358	1,738,243	1,748,629
Other foreign exchange	573,660	661,882	634,383	536,581
Bills and advances against security	1,725,132	1,581,802	1,595,174	1,611,935
Government advances	1,662,290	1,651,988	1,652,002	1,652,405
LIABILITIES				
Notes in circulation	5,311,400	5,771,787	5,859,758	5,856,736
Sight deposits	1,507,712	2,490,702	2,639,697	2,423,019

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

ASSETS	Oct. 24, 1936	Oct. 2, 1937	Oct. 9, 1937	Oct. 16, 1937	Oct. 23, 1937
Gold and gold exchange	11,725,287	16,193,009	16,217,639	16,221,174	16,225,106
Clearing and other foreign exchange	2,983,062	3,656,078	3,371,786	3,418,098	3,182,632
Commercial bills	6,464,581	6,612,589	6,588,394	6,572,060	6,273,212
Agricultural and urban advances	2,438,894	2,039,282	2,034,442	2,036,029	2,027,227
Treasury bills issued against losses on credit	5,745,391	6,478,391	6,479,580	6,482,307	6,493,627
State debt and advances to Treasury	5,633,095	5,618,628	5,618,628	5,618,628	5,618,628
LIABILITIES					
Notes in circulation	24,707,992	27,587,197	27,705,992	27,801,511	27,778,543
Other sight liabilities	8,763,276	12,372,015	12,271,643	12,280,785	12,295,500
Long-term liabilities	5,651,593	4,151,682	4,098,137	4,075,597	3,931,951

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

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

ASSETS	Oct. 31, 1936	Sept. 30, 1937	Oct. 10, 1937	Oct. 20, 1937	Oct. 31, 1937
Gold	373,336	431,040	431,516	432,123	432,803
Foreign exch. and balances	19,722	35,104	36,296	35,151	36,029
Bills discounted	681,348	572,607	582,408	547,347	562,573
Loans against securities	118,007	29,777	25,633	24,409	26,063
Treasury bonds discounted	47,144	48,180	48,299	42,985	46,544
Securities	134,285	135,764	135,481	135,864	135,767
LIABILITIES					
Notes in circulation	1,090,784	1,044,752	1,036,335	1,003,217	1,063,842
Sight liabilities	187,051	280,496	293,474	298,210	215,236

BANK OF LATVIA.—In lats (000's omitted)

	Nov. 2, 1936	Oct. 4, 1937	Oct. 11, 1937	Oct. 18, 1937	Oct. 25, 1937	Nov. 1, 1937
ASSETS						
Gold coin and bullion	76,808	77,481	77,481	77,482	77,482	77,484
Silver coin	15,675	14,114	14,091	14,019	13,944	13,801
Foreign currency	21,861	45,462	45,775	44,897	45,382	46,524
Treas. notes and small change	9,576	6,716	7,509	7,622	7,681	7,480
Short-term bills	52,367	49,467	49,423	49,393	49,531	50,145
Loans against securities	70,318	78,600	79,229	80,754	81,845	82,236
LIABILITIES						
Notes in circulation	39,856	56,274	54,898	56,676	57,280	58,697
Deposits	19,183	21,519	21,507	21,480	21,501	21,549
Current accounts	101,460	121,831	126,865	123,525	123,101	124,354
Government accounts	45,538	59,235	57,551	58,684	58,856	59,611

MONEY AND EXCHANGE RATES

LONDON MONEY RATES

	Nov. 4, 1937	Nov. 5, 1937	Nov. 6, 1937	Nov. 8, 1937	Nov. 9, 1937	Nov. 10, 1937	Nov. 11, 1937
Bank rate (changed from 2½ June 30, 1932) ..	% 2	% 2	% 2	% 2	% 2	% 2	% 2
Market rates of discount...							
60 days' bankers' drafts ..	11-16	11-16	11-16	11-16	11-16	11-16	11-16
3 months' do.	11-16	11-16	11-16	11-16	11-16	11-16	11-16
4 months' do.	11-16	11-16	11-16	11-16	11-16	11-16	11-16
6 months' do.	11-16	11-16	11-16	11-16	11-16	11-16	11-16
Discount Treasury Bills—							
2 months'	1-11	1-11	1-11	1-11	1-11	1-11	1-11
3 months'	1-11	1-11	1-11	1-11	1-11	1-11	1-11
Loans—Day-to-day	1-1	1-1	1-1	1-1	1-1	1-1	1-1
short	1-1	1-1	1-1	1-1	1-1	1-1	1-1
D posit allowances: Bank ..	1	1	1	1	1	1	1
D count houses at call	1	1	1	1	1	1	1

IMPORTS AND EXPORTS OF SILVER

Imports			Exports		
From	Bullion*	Coin†	To	Bullion*	Coin†
British India	15,179	£	Irish Free State...	...	2,593
Hong Kong	1,709,780	4	Aden	...	3,900
Australia	16,584	311	Straits Settlements	3,285	14,003
Netherlands	...	4	New Zealand	1,195	...
Belgium	16,660	78	Latvia	2,590	...
France	2,547	...	Norway	3,103	...
Japan	16,929	...	Denmark	1,507	...
Other countries ...	1,226	2,200	Netherlands	5,060	...
			France	1,438	...
			Switzerland	2,951	...
			Hungary	1,800	...
			Egypt	...	1,113
			Arabia, Muscat	17,950	...
			U.S.A.	462	...
			Other countries ...	...	...
Total	52,465	2,511	Total	42,741	21,609
		1,726,527			

* At current market value. † Coin which is of legal tender in the United Kingdom is entered at face value and shown in italics. Other coin is entered at current market value.

No gold movements were reported at the Bank of England between November 5th and 11th. Details of previous movements appeared in last week's issue on page 290.

GOLD MARKET

Messrs Samuel Montagu and Company write on November 10, 1937:—The Bank of England gold reserve against notes amounted to £326,406,625 on November 3rd showing no change as compared with October 27th.

The weakness of the dollar and the transference of funds from dollars to gold made for very active conditions in the open market during the past week. At the daily fixing the amounts available reached the substantial total of about £4,500,000, but demand was very keen and prices at the time of fixing included as much as 1s. 5d. premium over dollar exchange parity; it is believed that after fixing dealings were effected at prices about 2s. over that parity. It was announced in New York that a shipment to France of \$10,250,000 of gold had been arranged; this is the first gold export of importance that has been made from the United States of America since February, 1936.

The s.s. "Mongolia," which sailed from Bombay on November 6th carries gold to the value of about £224,000.

SILVER MARKET

An easier tendency was seen during the past week. Speculators re-sold and the Indian Bazaars were also sellers, possibly influenced by the fall in commodity prices and, with the weakness of the dollar lowering the level at which American operators were willing to give support, quotations declined gradually until 19½d. for cash and 19½d. for two months delivery were fixed on November 8th. Subsequently prices responded to a reaction in the dollar-sterling exchange and made a recovery; November 9th quotations being 19½d. for both deliveries.

The undertone is steady and for the present prices appear likely to keep in proximity to the American parity.

Quotations for gold and silver are shown below:—

1937	Price of Gold per Fine Ounce	Equivalent Value of £ sterling	Price of Bar Silver in London per ounce standard		Price of Silver New York per ounce .999 fine
			Cash	Two Months	
Nov. 4	140 6½	12 1-10	19½	19½	Nov. 3 to Nov. 9 inclusive } 45
" 5	140 6	12 1-12	19½	19½	
" 6	140 4	12 1-29	19½	19½	
" 8	140 0½	12 1-59	19½	19½	
" 9	140 0	12 1-64	19½	19½	
" 10	140 2	12 1-48	19½	19½	
" 11	140 3-17	12 1-36	19½	19½	
Average	140 1½	12 1-50	19½	19½	
Nov. 11	140 1½	12 1-50	19½	19½	

The highest rate of exchange on New York recorded during the period from November 4th to 10th was \$5.03 and the lowest \$4.97.

APPOINTMENTS AND PERSONAL

Mr A. H. Wood, deputy controller, has been appointed controller of the London County Council.

Sir William Firth has been re-elected chairman of the Welsh Plate and Sheet Makers' Association.

Messrs Winthrop Mitchell and Company, members of the New York Stock Exchange, announce the opening of an office at 22 Moorgate, London, E.C.2, under the management of Mr E. Ashley Dodd. Telephone Metropolitan 7973.

Mr K. K. Peters has joined the Board of Indemnity Marine Assurance Company.

Mr W. H. Walker has relinquished the chairmanship of the United Drapery Stores, Ltd., but retains his directorship. Sir Edward M. Mountain has been appointed director and chairman.

Mr Percy Balfour Liversidge ceased to be a managing director of British Oxygen Company on November 2, 1937. Mr William Warnock Watt was elected to the board and appointed a managing director from January 1st next.

Sir Felix Pole has been appointed to the board of Milford Docks.

Mr Chas. E. Bedaux, the chairman, has resigned from the board of British Bedaux.

The Norwich Union Life Insurance Society announce the election of Dr A. J. Cleveland, to a seat on the board in place of the late Dr F. W. Burton-Fanning.

Mr A. Comar Wilson has been elected a director of Rhodesia Broken Hill Development Company.

OTHER STATISTICS

WEEKLY TRAFFIC RETURNS
RAILWAYS OF GREAT BRITAIN AND IRELAND

Name	Miles Open	Gross Receipts, week ended Nov. 7, 1937 (£'000)				Aggregate Gross Receipts, compared with 1936 (44 weeks) (£'000)			
		Passenger	Merchandise	Coal and Coke	Total	Passenger	Merchandise	Coal and Coke	Total
Great Western { 1937 3,738	175	214	120	334	509	8,751	8,853	4,900	13,753
Western { 1936 3,789	176	209	111	320	496	8,482	8,481	4,395	12,876
(c) L. & N. { 1937 6,315	292	387	251	618	910	15,195	14,948	10,885	25,833
Eastern { 1936 6,332	278	354	244	596	876	14,523	14,423	10,196	24,619
L. M. & Scottish { 1937 6,869	420	542	268	810	1,230	23,209	21,766	11,153	32,919
Scottish { 1936 6,891	405	523	259	782	1,187	22,309	21,101	10,511	31,612
Southern { 1937 2,157	266	57	25	82	348	14,523	2,755	1,308	4,063
South { 1936 2,158	257	57	27	84	341	13,816	2,799	1,341	4,140
Total { 1937 19,079	1,153	1,180	664	1,844	2,997	82,678	48,322	28,246	76,568
1936 19,115	1,116	1,143	641	1,784	2,900	80,130	46,804	26,443	73,247
(c) Belfast & Co. Down { 1937 80	1-8	...	0-4	2-2	116-0	...	...	...	21-1
1936 80	1-8	...	0-5	2-3	117-4	...	...	...	23-9
(c) Great Northern { 1937 543	9-7	...	10-7	20-4	499-9	...	...	...	415-8
1936 543	9-9	...	10-3	20-2	498-0	...	...	...	429-9
(c) Great Southern { 1937 2,076	32-5	...	56-5	89-0	1640-6	...	...	...	1842-7
1936 2,124	30-8	...	57-5	88-3	1622-5	...	...	...	1874-1

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

	Great Western	L.M.S.	L.N.E.R.	Southern
Second half-year, 1936, compared with second half-year, 1935:—				
Gross increase or decrease...	+ 491	+ 1,575	+ 751	+ 378
First half-year, 1937, compared with first half-year, 1936:—				
Gross increase or decrease...	+ 670	+ 1,329	+ 1,187	+ 359
Second half-year, 1937, compared with second half-year, 1936:—				
18 weeks to Nov. 6, 1937 ...	+ 476	+ 878	+ 699	+ 271
Weekly average second half 1937... Latest week 1937 compared with 1936	+ 26½	+ 48½	+ 38½	+ 15½
	+ 13	+ 43	+ 34	+ 7½

LONDON TRANSPORT

Week ending Nov. 6, 1937	Takings (before pooling) (£70,400)	Compared with corresponding period of last year
Aggregate 19 weeks to Nov. 6, 1937	£10,691,400	+ 3,800
		+ 43,000

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Month	Gross Receipts for Week	Gross Aggregate Receipts
				1937	+ or -
Assam Bengal	28	Oct. 20	Rs. 1,330	£4,78,800	Rs. 114,895
Barsi L. & N. Western	27	10	202	£31,000	98,05,159
Bombay & N. Western	3	20	2,111	£28,96,371	10,500
Bombay-Nagpur	28	30	3,268	£22,36,000	58,907
Bombay, Bar. & C.I.	30	31	3,072	£33,61,000	1,20,465
Madras & S. Mah.	28	20	3,229	£18,06,000	1,62,000
Rohilla'd & Kumaon	3	20	548	£1,58,656	12,589
South Indian	27	10	2,582	£15,40,305	40,402
				£2,96,42,497	+ 11,18,754

CANADIAN

Canadian National	43	Oct. 31	23,767	\$8,484,188	\$
Canadian Pacific	43	31	17,228	\$4,801,000	\$
				\$106,338	\$105,403,656
				\$147,000	\$119,831,000
					\$5,638,006

SOUTH AMERICAN

Antofagasta (Chili and Bolivia).....	45	1897							
Argentine N.E.	19	Nov. 7	834	{	\$14,910	+ 2,080	739,980	+ 124,984	
					\$110,000	57,200			
					\$6,824	3,011	3,099,900	+ 75,876	
B.A. and Pacific ...	19		6,2806	{	\$1,162,000	185,000	192,285	+ 14,700	
B.A. Central	17	Oct. 23			\$72,084	7,740	24,001,000	+ 168,376	
					\$134,800	19,900	1,488,897	+ 70,470	
B.A. Gt. Southern....	19	Nov. 6	5,084	{	\$1,974,000	22,000	2,415,800	+ 127,000	
					\$122,457	5,045	36,680,000	+ 1,109,000	
B.A. Western	19		6,1930	{	\$186,000	49,000	2,275,931	+ 177,720	
					\$40,985	778	13,689,000	+ 972,000	
Central Argentine...	19		6,3700	{	\$1,171,500	739,200	860,361	+ 103,400	
					\$106,545	37,967	39,390,450	+ 5,044,370	
Central Uruguay...	18	Oct. 30	980	{	\$163,724	1,609	2,444,134	+ 185,450	
					\$19,080	855	2,417,618	+ 154,963	
Cordoba Central ...	19	Nov. 6	1,218	{	\$367,000	81,000	276,620	+ 3,568	
					\$22,770	8,000	8,771,000	+ 719,000	
Entre Rios	19		6,810	{	\$153,500	3,580	606,170	+ 8,440	
G. Westn. of Brazil	45		6,1092	{	\$7,922	3,484	4,175,100	+ 120,300	
					\$10,700	800	258,998	+ 27,000	
Leopoldina	45		6,1918	{	\$189,000	+ 31,000	81,399,000	+ 6,156,360	
					\$21,735	650	1,043,617	+ 173,475	
Leopoldina Term.	44		6,384	{	\$373,000	+ 3,000	15,796,000	+ 845,000	
Nitrate	19	Oct. 31	384	{	\$414,102		126,347	+ 24,200	
Paraguay Central ...	19	Nov. 6	274	{	\$3,011,000	+ 830,000	59,901,000	+ 112,200,000	
					\$1,135,850	1,998	228,484	+ 23,000	
Salvador	19		6,100	{	\$2,900,000	+ 394,000	115,325,000	+ 7,057,000	
					\$33,167	+ 2,728	1,450,212	+ 161,200	
San Paulo	44	Oct. 31	1531	{	\$115,657	+ 337	317,371	+ 26,000	
United of Havana...	19	Nov. 6	1,353	{					

INVESTORS GENERAL FIXED TRUST.—Distribution of 5-50175d. net per sub-unit, against 6-19275d. a year ago, is payable on December 1st to holders registered on November 4th.

SCOTTISH FIXED TRUST CERTIFICATES.—Fifth income distribution for period May 2nd to November 1st, will be paid to holders registered as at November 1st, at the rate of 4-9341d. net per sub-unit, on December 1st. A year ago 4-475d. net per sub-unit was paid.

CENTRAL MINING AND INVESTMENT CORPORATION.—An interim dividend of 8s. a share (5 per cent.), subject to tax at 3s. 10d., i.e. 6s. 5-6d. a share net, has been declared payable on November 24th. A similar distribution was made a year ago.

JOHN DELANEY, LTD.—Mr A. Woolley-Hart, the chairman of this company, presided at the twelfth ordinary general meeting held on November 4th. He pointed out that the board were able to report an increased profit for the year ending July 31, 1937. This, although satisfactory as far as it goes, indicates but a very small gain upon the very heavy loss of profits in the years past. They could, however, look forward with confidence to some improvement in the current year, and they hoped and believed for a longer period. The demand from the steel industry had materially improved, and there was an increased demand for agricultural purposes.

ENTRE RIOS RAILWAY COMPANY.—For year to June 30, 1937, gross receipts were £966,092, against £828,023, working expenses £770,087, against £729,666, and net receipts £196,004, against £98,358. Exchange losses were £67,027, against £30,686. After charging £180,200 debenture interest (not paid), and £35,350 interest on arrears, debit balance forward is raised by £88,078 to £368,169. In April, one year's 4 per cent. debenture interest was paid, and a further 1½ years' was paid November 5.

An award in connection with the Hasenkamp lawsuit produced 1,879,553 pesos.

ARGENTINE NORTH-EASTERN RAILWAY.—For year to June 30, gross receipts rose by 665,342 pesos, and working expenses by 240,727 pesos, net receipts being 2,206,624 pesos, or £192,642 (£37,070 higher). Exchange loss, £59,742, against £53,441; debenture interest charged £126,899. Debit balance forward raised from £248,648 to £267,849.

AMALGAMATED COTTON MILLS TRUST.—In the Chancery division on November 5, this company's reconstruction scheme was approved with minor modifications by Mr Justice Simonds.

STANDARD MOTOR COMPANY.—At the annual meeting on November 10th, it was announced that a new class of car was to be produced. A new factory independently administered was to be built for the purpose, and the price would be lower than the existing range. Fisher and Ludlow, who would erect an adjacent factory, had received the contract for the bodywork of the new model.

WEARDALE STEEL COAL AND COKE.—Trading profit for year to September 30, 1937, was £110,545, compared with £78,790. The Tudhoe Colliery (including Croxdale) has been abandoned, being no longer commercially workable. From reserve to writing down assets, £100,000. Deferred dividend 12½, against 10½ per cent. To reserve £25,000, against £20,000. Carry forward raised from £27,336 to £28,402.

DALGETY AND COMPANY.—Net profit for year ended June 30, 1937, £173,044, against £145,851. Ordinary dividend 8 per cent., less tax, against 6 per cent., tax free. To staff fund £25,000, as before. Carry forward increased from £122,218 to £125,162.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Deben- ture Interest	Amount Available for Distri- bution	Appropriation						Corresponding Period Last Year	
					Dividend			Carried to Reserve, Deprecia- tion, etc.	Balance Forward	Net Profit	Divi- dend	
					Prefce.	Ordinary						
						Amount	Amount					Rate
		£	£	£	£	£	%	£	£	£	%	
Breweries												
Bristol Brewery, Georges ...	Sept. 30	153,927	281,942	435,869	21,958	163,057	18½	93,000	157,854	261,029	18½	
Bristol United Breweries ...	Sept. 30	43,303	90,855	134,158	13,800	62,160	18½	15,000	43,198	93,543	18½	
Cairnes, Ltd.	Aug. 31	7,418	9,942	17,360	4,185	2,631	4	2,000	8,544	6,494	3	
Financial, Land, etc.												
Australian Mercantile Land.	June 30	77,567	118,417	195,984	...	66,150	6	50,000	79,834	66,684	4	
Bowmaker, Ltd.	Oct. 31	10,307	87,557	97,864	30,042	25,781	10	30,000	12,041	70,635	10	
Dalgety and Company	June 30	122,218	172,944	295,162	25,000	120,000	8	25,000	125,162	145,852	8½	
N. Zealand & Austrln. Land	Mar. 31	9,991	127,039	137,030	32,334	64,625	4	30,000	10,071	4,023	Nil	
Town Investments	Sept. 29	51,036	72,309	123,345	14,000	48,000	16	22,000	39,345	74,450	14	
Hotels, Restaurants, etc.												
Hamilton's Taverns	July 31	407	6,044	6,451	...	3,431	6	1,000	2,020	4,837	6	
Iron, Coal and Steel												
Horden Collieries	Sept. 30	76,041	196,535	272,576	...	150,000	10	45,882	76,694	138,145	7½	
Thornycroft (John I.) and Co.	July 31	6,777	109,422	116,199	72,000	...	...	...	44,199	40,240	Nil	
Weardale Steel, etc.	Sept. 30	27,336	99,566	126,902	...	45,000	9(s)	...	25,000	82,779	8(s)	
Yarrow and Company	June 30	23,514	30,511	54,025	...	28,500	12½(f)	5,000	26,525	36,329	10½(f)	
Motor Cycle and Aviation												
Enfield Cycle	Aug. 31	24,397	20,788	45,185	2,917	14,344	8½	500	27,424	18,095	7½	
Hawker Siddeley Aircraft...	July 31	5,633	573,196	578,829	52,937	463,102	42½	...	62,790	378,193	30	
Smith (S.) and Sons (Motor Accessories) }	July 31	70,608	250,385	320,993	37,500	75,044	21(s)	71,000	87,420	175,579	17½s	
						50,029	50(f)				37½t	
Oil												
Trinidad Leaseholds	June 30	86,472	925,269	1,011,741	...	491,835	30	376,735	143,171	571,960	25	
Rubber												
Anglo-Sumatra	May 31	7,408	8,398	15,806	...	8,000	10	...	7,806	1,433	5	
Gan Kee	June 30	1,215	5,118	6,333	2,100	1,650	5	900	1,683	1,775	Nil	
Glen Muar	July 31	2,201	15,972	18,173	...	12,479	10	3,000	2,694	5,148	4	
Killinghall	June 30	5,888	27,724	33,612	...	22,313	42½	3,400	7,899	18,064	30	
Singapore United	June 30	1,028	19,240	20,268	...	10,545	12½	2,000	7,723	4,011	3	
Tambira	June 30	2,706	17,566	20,272	...	7,333	7-29½	8,000	4,839	2,599	2½	
Tenom	July 31	348	20,492	20,840	...	17,157	16	2,500	1,183	4,527	3½	
Tea												
Carolina of Ceylon	June 30	7,748	9,999	17,747	3,456	6,412	7½	...	7,879	7,467	3	
Textiles												
Hoyle (Joshua)	Sept. 30	...	95,147	95,147	...	13,594	2½	25,000	56,553	17,318	Nil	
North British Rayon	June 30	20,192	Dr. 10,124	10,068	3,094	...	...	1,362	5,612	17,487	6	
Trusts												
Cedar Investment	Sept. 30	18,167	35,230	53,397	8,246	18,794	5½	5,000	21,357	30,157	4½	
East of Scotland	Sept. 30	15,058	28,493	43,551	12,658	10,430	6	...	20,463	22,690	5	
Railway and General	Sept. 30	4,408	23,458	27,866	11,531	6,862	4½	...	9,473	21,716	4	
Second Industrial	Sept. 30	17,702	40,576	58,278	13,716	15,233	5	11,250	18,079	31,529	4	
Other Companies												
Agua Santa Coffee	Dec. 31	Dr. 17,138	Dr. 898	Dr. 18,036	...	...	...	...	Dr. 18,036	Dr. 5,746	Nil	
Clarke (W. G.) and Sons ...	Aug. 31	16,375	30,018	46,393	18,750	6,000	1½	5,000	16,643	28,671	1½	
Industrial Newspapers ...	Sept. 30	2,472	19,464	21,936	10,359	7,031	16-17½	2,000	2,546	19,958	16-17½	
Kia-Ora, Ltd.	Sept. 30	7,040	18,467	25,507	...	14,350	3½	3,584	7,573	15,639	3	
Morland and Impey	July 31	2,329	33,584	35,913	12,823	2,670	15	16,998	3,422	23,641	10	
Paterson, Laing and Bruce	July 31	...	15,223	15,223	...	...	...	15,223	...	6,669	Nil	
Rubber Regenerating Co. ...	Sept. 30	13,650	52,781	66,431	...	33,000	15	13,106	20,325	9,577	Nil	
Santa Cruz Coffee	Dec. 31	Dr. 8,621	Dr. 1,819	Dr. 10,440	...	...	...	...	Dr. 10,440	1,421	Nil	
Ste. Madeleine Sugar	June 30	56,831	102,475	159,306	...	41,975	6	60,000	57,331	82,772	5½	
Steel Ceilings, Ltd.	June 30	2,424	14,153	16,577	...	12,938	7½	2,000	1,639	15,501	5	
Viking Whaling	July 31	49,390	84,047	133,437	1,320	61,772	20	30,545	39,800	87,948	15	
Wright Saddle Company ...	Aug. 31	...	6,401	6,401	...	5,111	20	...	1,290	(a)	(a)	

(a) No comparable figure. (h) Six years to end of June, 1937. (s) Paid on preferred ordinary shares. (f) Paid on deferred shares.

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

THE downward tendency of the prices of the principal primary products continued during the past week, though most quotations closed on Wednesday above the lowest levels. Despite the further sharp decline, however, there is still no evidence of a resumption of large-scale purchases by consumers.

Among individual commodities, copper, lead, spelter, and tin are all cheaper on the week, though Wednesday's quotations are appreciably higher than those at which transactions took place on Monday. Rubber, similarly, was again marked down in price. Linseed and linseed oil were cheaper on reports that the new crop in Argentina is making favourable progress.

Quotations for raw cotton declined further on the publication of the official estimate of the American crop on Monday which showed a substantial increase over the previous forecast. By Wednesday, however, quotations had recovered to the previous week's level. World supplies of raw cotton this season exceed probable consumption by nearly 70 per cent. The course of prices during the next few weeks depends, however, largely on the action which the American Congress will take to deal with the surplus of American cotton. Quotations for raw wool continued to sag and business in the Yorkshire woollen textile trade has been seriously dislocated.

Although there were no new developments in the wheat situation, the "golden grain" declined in price during the past week, and on Wednesday was sold in Liverpool below last year's level. Raw sugar and coffee were marked down, but meat prices were steady, beef showing a slight rise. After the sharp upward movement in recent weeks, quotations for butter showed a substantial decline this week.

In the United States, quotations for primary products continued their headlong decline. Moody's index of the prices of staple commodities (December 31, 1931 = 100) fell from 156.9 to 152.3 during the week ended last Wednesday. A month ago the index stood at 173.9 and a year earlier at 186.3.

COAL

SHEFFIELD.—Export business remains somewhat disappointing. Owing to keen competition, a large inquiry from Sweden is hardly likely to be secured by this district. Inquiries for forward delivery are steady.

Inland consumption of small coal is increasing at coke and electricity works. A new battery of ovens has just been started which will increase the supply. The colder weather will have its effect on the demand for house coal, which, until now, has been below the average for the time of the year. Gas coal is moving more freely and there is a steady demand for all classes of industrial fuel.

NEWCASTLE-ON-TYNE.—The North-East coal market is without any particular feature. Northumberland steam collieries continue to be short of prompt trade for screened coal, but other grades are cleared without difficulty. The Durham position is steady. Steams and gas qualities are being shipped against contracts made earlier in the year and in addition there is a certain amount of seasonal activity. The coking market is firm under a good home trade and a steady demand from local coke makers. Whilst there is little export inquiry for patent oven coke, the home trade continues brisk.

GLASGOW.—Conditions are not greatly improved this week. Foreign inquiry remains negligible, and even contract tonnages are not being fully taken up, the slower industrial conditions on the Continent and milder weather having led to large accumulations of fuel at importers' depots. The result is that the collieries are in need of prompt orders. The various classes of coal are not uniformly affected, but in Fifehire third steams and treble nuts are freely available. Lothian producers would welcome business in the cheaper grades of steam coal, but apart from trebles, washed nuts are moving fairly readily owing to the expansion of local demand, the balance being taken by the London market. In the Lanarkshire field, industrial demand is active, but owing to the milder weather public utility and domestic needs are less than usual at this season. Ayrshire is probably best placed of the Scottish districts, a steady business being done with Ireland.

CARDIFF.—There has been a slightly better inquiry on the Cardiff coal market during the past week, and prices are firm. The volume of trade is being well maintained, and shipments in the foreign and coastwise trades last week totalled 442,800 tons compared with 440,600 tons the previous week, and 390,293 tons in the corresponding week last year. The collieries are kept well employed under contracts, but while the stocks of large classes are a little heavier than they have been probably at any other period this year, there is still a scarcity of dry, sized, and washed coals. Patent fuel is a steady market at recent quotations. Under the French coal-pitwood barter agreement the last Quarter's ex ship pitwood price of 31s. has been reduced to 26s. 3d. to cover a quantity of 80,000 tons to be delivered by the end of next February.

IRON AND STEEL

LONDON.—The weekly report of the London Iron and Steel Exchange indicates that this week's announcement of the stabilisation of home trade prices for steel until the end of 1938 has been well received in all departments of the market, and has cleared the way for the transaction of new business. A considerable tonnage of orders had been held up owing to the uncertainty concerning prices next year, but with the settlement of this question a heavy volume of inquiry was released. The position of the steelworks, however, has not been altered. Having enough work on their books to keep them employed for months to come, they are not

anxious to accept further far forward commitments. In the majority of cases they will enter 1938 with a considerable tonnage of arrears of orders to work off.

In the pig iron department supplies appear to be sufficient to take care of consumers' requirements, although neither they nor producers have been able to accumulate much in the way of reserves. Continental foundry iron is being offered at cheap rates in certain districts, but comparatively few transactions have been reported.

In the semi-finished steel department stringent conditions continue to rule and in spite of the increased production and additional imports, there is still a gap between supply and demand.

The request for finished steel is unrelaxed, and it will probably be necessary to continue the system of rationing for some time, notwithstanding the record output.

SHEFFIELD.—Business in the iron and steel market continues at a good level, with prices everywhere firmly maintained. So far as pig-iron is concerned, consumers of forge iron no longer complain of a severe shortage, and makers are a good deal less reticent about booking new contracts. A certain amount of material for early delivery is also available. There is no surplus of foundry iron, producers being fully sold, and few have even small parcels for current disposal. Hematite business is not easy to place, especially West Coast. Prices are expected to undergo revision shortly, and in the meanwhile makers show no disposition to add to their commitments. Special hematite is in very short supply, and competition is keen for anything which comes on offer. Bar iron demand is as strong as ever. The call for basic steel billets is fully maintained, and the supplies of imported billets do little to relieve the pressure. Some makers have had to close their order books until progress has been made in overtaking arrears. Acid billets are in full request, and this applies equally to wire rods, stainless steel sheets, and bright drawn steel. All prices are firmly held.

The decision of nine British steel associations to stabilise prices at the existing level over the whole of 1938 is favourably commented upon in the market as tending to keep trade on an even keel, and allowing contractors to quote firm prices.

MIDDLESBROUGH.—The market for Cleveland foundry iron is still a narrow one, owing to the limited production, but parcels of Continental iron which have arrived are easing the position. The particulars of the application of the rebate system to Cleveland foundry and forge pig iron are now available. For iron with a phosphoric content of not less than 0.75 per cent. a rebate of 5s. per ton is allowed under certain conditions. The official price of Cleveland No. 3 foundry pig iron therefore stands at 106s. per ton delivered locally and No. 1 foundry quality at £5 8s. 6d. per ton delivered locally, both subject to the above rebate. Hematite pig iron makers are delivering parcels under existing contracts to home consumers and quantities are being despatched to Continental destinations. More inquiries are being received from the Continent. The official price for East Coast mixed numbers hematite remains at 122s. 6d. per ton delivered on the North-East Coast less the rebate, but new business for forward delivery is restricted until some announcement is made regarding prices.

Basic steel-makers here anticipate that the official announcement made this week that prices of their products will remain stabilised until the end of 1938 will remove any hesitancy on the part of buyers who have been waiting for news regarding forward prices. The official price of basic pig iron is now £5 per ton less the rebate, but none of the local production comes on to the market, as there is insufficient for the requirements of the steelworks and a further quantity of American basic iron arrived in the Tees last week-end.

There has been no indication of any easing in the price of blast furnace coke, which is maintained at 42s. per ton delivered at the furnaces. Small transactions are taking place in ore from North Spain, the delivered price being lower owing to easier freights. Heavy melting steel scrap is readily taken up at official prices, which remain unaltered.

GLASGOW.—In the West of Scotland the effect of the stabilisation of domestic steel prices until the end of 1938 has been to increase demand. The volume of inquiry for every class of steel is exceedingly heavy, many consumers being desirous of covering the bulk of their requirements over the next twelve months. The situation with regard to deliveries of raw materials and semis shows signs of further improvement, but steel makers and re-rollers are not assured yet that supplies will throughout the year be regular and sufficient to enable them to keep plants fully employed. Hence, they are not prepared to accept all the business offering. Pressure for deliveries of finished material is particularly strong, but makers are unable further to increase output for the time being.

CARDIFF.—Production in the South Wales tinplate industry in the week ended October 30th reached 81 per cent. of allotted capacity. For current sales prices are a shade easier at 24s., but there is no recession in the volume of the export trade. During the week ended November 4th exports totalled 8,491 tons, compared with 7,704 tons the previous week, and 8,005 tons in the corresponding week of last year. The heavier branches of the industry are very active, and prices are unchanged.

OTHER METALS

COPPER.—After falling to £36 3s. 9d. on Monday, the cash price rallied sharply and closed on Wednesday at £39 2s. 6d., a net loss of £2 2s. 6d. on the week. There has been no major change in the intrinsic position of the metal. The extreme weakness of the United States market created a panic sentiment on this side of the Atlantic, which led to a serious setback on Friday and Monday. At the lowest levels some support was

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SUGAR.—The London market firmed up after earlier weakness. The New York spot quotation was 3·25 cents on Wednesday, as compared with 3·22 cents per lb. last week and 3·15 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "December" delivery at

RUBBER.—The market has again been quiet and easier. The weakness of Wall Street and a poor demand were the principal factors involved. Meanwhile, the gradual growth of stocks in this country continues. The spot price in New York on Wednesday was 14½ cents per lb., compared with 14¼ cents per lb. a week ago and 16½ cents a month ago. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 7d. per lb., as against 7½d. on the corresponding day last week. In forward positions business has been done at 7d. to 7½d. for "December" shipments, as against 7½d. to 7¾d. a week ago. Stocks in London and Liverpool at the end of last week totalled 52,031 tons, against 51,826 tons a week earlier. A year ago stocks amounted to 94,131 tons.

**THE BULL
IN
BOVRIL
BEARS
YOU UP**

WHOLESALE COMMODITY PRICES

UNITED KINGDOM: LONDON, November 10th

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

CEREALS AND MEAT			
GRAIN, Etc.—			
Wheat—	s. d.	s. d.	
No. 2, N. Man. 496 lb.	53 6		
Eng. Gaz. av., per cwt.	9 2		
Barley, Eng. Gaz. av.	13 0		
Oats—	s. d.	s. d.	
Maize, La "Plata", landed	8 6		
480 lb.	29 9		
Flour, Lon. stan. ex mill,			
280 lb.	35 9		
Rice No. 2 Burma, per cwt.	9 4½		
MEAT—			
Beef, per 8 lbs.—			
English long sides	4 4	5 0	
Argentine chilled hinds	4 2	4 6	
Mutton, per 8 lbs.—			
English wethers	5 4	6 0	
N.Z. frozen	2 8	4 0	
Lamb, per 8 lbs.—			
N.Z. frozen	5 0	5 6	
Pork, English, per 8 lbs.	6 8	7 4	
OTHER FOODS			
BACON—			
English, per cwt.	91 0		
Irish	85 0	94 0	
Danish	90 0		
Dutch	86 0		
HAMS—			
Canadian	96 0	100 0	
United States	90 0	94 0	
BUTTER—			
Australian	140 0	141 0	
New Zealand	140 0	142 0	
Danish	150 0	152 0	
CHEESE—			
Canadian, per cwt.	73 0	74 0	
New Zealand	72 0	72 6	
English Cheddars	92 0	94 0	
Dutch	64 0	69 0	
COCOA—			
(Duty, British grown,			
11/8; foreign, 14/- cwt.)			
Accra, f.f.	27 6		
Trinidad	57 0	62 0	
Grenada	52 0	54 0	
COFFEE—			
(Duty, British grown,			
4/8; foreign, 14/- cwt.)			
Santos sup. c. & f. cwt.	37 0		
Colombian, good	52 0	62 0	
Costa Rica, med. to good	51 0	85 0	
East Indian	68 0	88 0	
Kenya, medium	55 0	68 0	
EGGS—			
English, per 120	22 6	23 6	
Danish	15 0	15 6	
FRUIT—Oranges—			
S. African	9 6	16 3	
Malayan	9 6	12 6	
Lemons, Malaga	8 6	11 0	
Sicilian	10 0	13 6	
Apples: Amer. (var.) bris.	20 0	25 0	
" Australian	7 6	11 9	
Onions—			
Valencia, case	13 0	14 0	
Egyptian, bags	16 0	26 0	
Grapes, Almeria, barrels	12 0	13 9	
Grapefruit, Brazilian	10 6	14 3	
" S. African	10 6	14 3	
Jaffa	10 6	14 3	
LAKI—			
Irish, finest bladders	70 0	75 0	
U.S.	64 0	65 0	
POTATOES—			
King Edward (per cwt.)	6 0	7 0	
Other English	4 0	5 0	
SPICES—			
Pepper, per lb.—			
Black Lampung	0 2½		
White Muntok	0 3½		
Cinnamon—1st sort, per lb.	0 8½		
Cloves—Zanzibar, per lb.	0 8½		
Ginger—per cwt.—			
African	57 0		
Jamaica, ord. to good	63 0	90 0	
Mace	2 3	2 9	
Nutmegs, 65's	1 2		
SUGAR—			
(Duty, 11/8 per cwt.)			
Centrifugals, 96%, prpt.	23 9	24 3	
shipm. c.f.f. U.K./Cont.	18 3	19 9	
B.W.I., crystallised			
Java, white, c. & f. India			
Oct.-Dec.	Nominal.		
REFINED—London—			
Yellow Crystals	19 6		
Cubes	23 9	24 3	
Crushed	19 10½	21 9	
Granulated	19 9	20 0	
Home Grown			
TEA—			
Indian—per lb.—			
Pekoe	1 1½	1 5	
Broken Pekoe	1 1½	1 4½	
Orange Pekoe	1 1½	2 1½	
Broken Orange Pekoe	1 1½	2 9½	
Ceylon—per lb.—			
Pekoe	1 2½	1 10	
Broken Pekoe	1 2½	1 4	
Orange Pekoe	1 2½	1 9	
Broken Orange	1 2½	2 2½	
TOBACCO—			
(Duty, 9/8-10/6½ per lb.)			
Empire growth, 7/5½-			
8/3½ per lb.)			
Virginia leaf—			
Common to fine	0 8	2 6	
Rhodesian leaf	0 9	1 10	
Nyasaland leaf	0 7	1 4	
strips	0 9	1 6	
East Indian leaf	0 7	1 10	
strips	0 6	1 9	
TEXTILES			
COTTON—			
Mid-American	4 63		
Sakellaridis, f.g.f.	8-28		
Yarns, 32's twist	11½		
" 60's twist	17½		
FLAX—			
Livonian ZK	62 0	63 0	
Permian HD	61 0	62 0	
Slavet Medium, 1st sort	74 0		
HEMP—			
Italian P.C.	69 0		
Manilla, Nov.-Jan. "J2"	30 0		
Sisal, African	21 15	24 0	
JUTE—			
Native 1st mks. per ton			
c.f.f. H.A.R.B.	£20/15/0		
Daisee 2/3 c.f.f. Dundee	£19/12/6		
SILK—			
Canton	s. d.	s. d.	
Tussah	nom.	nom.	
Japan	6 9	7 6	
Italian—raw, fr. Milan	nom.		
WOOL—			
English Southdown, greasy, per lb.	d.		
" Lincoln hog, washed	17		
Queensland, scd. super cmbg.	26½		
N.S.W. greasy, super cmbg.	14½		
N.Z., grey, half-bred 50-56	14		
Crossbred 40-44	12½		
TOPS—			
Merinos 70's average	30		
" 64's	28		
Crossbred 48's	18		
" 46's	17		
MINERALS			
COAL—			
Welsh, best Ad'ty. ton	19 6	22 6	
Durham, best gas, f.o.b.	22 6		
Tyne	22 0		
Sheffield, best house, at	22 0	24 0	
pits			
IRON AND STEEL—			
Pig, Cleveland No. 3, d/d.			
ton 168 0			
Bars, M'brough	265 0		
Steel rails, heavy	202 6		
Tin plates	23 6	24 6	
METALS—			
Copper, Electrolytic, ton 43/10/0			
Standard	45/10/0		
Sheets (Strong)	73/0/0		
Standard	39/2/6	39/5/0	
Lead, Eng. pig. per ton 18/10 0		19/0 0	
Soft foreign	17/0 0	17/2/6	
Spelter G.O.B.	15/17/6	16/0/0	
Tin—English ingots	194/0/0		
Standard cash	192/5/0	192/15/0	
MISCELLANEOUS			
CHEMICALS—			
Acid, citric, per lb., less 5%	s. d.	s. d.	
Nitric	0 2	1 0½	
Oxalic, net	0 5	0 6	
Tartaric English, less 5%	1 1	1 1½	
Alcohol, Plain Ethyl.	12 0		
Alum, lump	8 10	8 15	
Ammonia, carb.	20 0	21 0	
Sulphate	35 0		
Arsenic, lump	7/8 0		
Bleaching powder, per ton	8 15	9 0	
Borax, gran.	13 6		
Do., powder	15 0		
Nitrate of soda	8 0		
Potash—Chlorate, net	0 4	0 4½	
Sulphate	10 0		
Soda Bicarb.	10 0	11 0	
Crystals	8 0	5 3	
Sulphate of Copper, per ton	£19 10		
CEMENT, best Eng. Portland, d/d. site,			
London area, jute sacks, 11 to ton			
(charged and credited at 1/6d. each) or			
paper bags 20 to ton (free, non-return-			
able)			
4-ton loads and upwards 39/- per ton			
1 and up to 4-ton loads 41/- per ton			
COPRA—			
S.D. Straits c.f.f., per ton	£ s. d.		
14/7/6			
DRUGS—			
Campbor	s. d.	s. d.	
Japan, refined	2 4		
Ipecacuanha	8 3		
HIDES—			
Wet salted—Australian	0 6½	0 6½	
West Indian	0 4½	0 5	
PETROLEUM PRODUCTS—			
Motor Spirit, No. 1,			
London	1 6		
Petroleum, Amer. rid.			
bri. London, per gall.	0 10½		
Fuel oil, in bulk, for			
contracts, ex instal.			
Thames			
Furnace	0 3½		
Diesel	0 4½		
ROSIN—			
American	per ton 17/0/0	18/10/0	
RUBBER—			
St. ribbed smoked sheet	s. d.	s. d.	
per lb.	0 7		
Fine hard Para per lb.	0 7½		
SHELLAC—			
TN Orange	per cwt. 43 0	46 0	
SHELLS—			
W. Aust. M.-o.-P.	£ s. d.		
3 10	11 0		
TALLOW—			
London town	per cwt. 21 0		
TIMBER—			
Swedish u/s 3 x 8	per std. 23 15		
" 2½ x 7	" 23 5		
" 2 x 4	" 20 15		
Can'da Spruce, Dia.	per load 11 0		
Pitchpine	per std. 35 0		
Rio Deals	per std. 35 0		
Teak	per load 27 0		
Honduras Mahg. logs	c. ft. 0 12		
African	" 0 6		
Amer. Oak Boards	" 0 6		
" Ash	" 0 6		
English Oak Planks	" 0 6		
" Ash	" 0 7		

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

UNITED STATES

New York quotations unless otherwise stated

	Nov. 10, 1936	Oct. 13, 1937	Nov. 3, 1937	Nov. 10, 1937
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	114½	97½	91½	89½
Maize, nearest future, Chicago, per bushel	101½	58½	58½	56
Oats, nearest future, Chicago, per bushel	42½	29½	30½	30½
Rye, nearest future, Chicago, per bushel	85½	72½	71½	71½
Barley, nearest future, Chicago, per bushel	83	(a)	(a)	(a)
Coffee, Rio No. 7, cash, per lb.	8½	9	(a)	7½
" Santos No. 4, cash per lb.	10½	11½	(a)	9½
Cocoa, Accra, nearest future, per lb.	8-54	6-07	5-87	5-93
(a) Nominal				
Sugar, Cuban Centrifugals, 96 deg., spot, per lb.				
Cotton, middling, spot, per lb.				
Rubber, smoked sheet, spot, per lb.				
Petroleum, Mid-continent crude 33 deg., to 33-90, at well, per barrel	17½	16½	14½	14½
Copper, "Electrolytic," Domestic, spot, per lb.	104	116	116	116
Copper, "Electrolytic," Export prompt, per lb.	10-52½	11-57½	10-37½	9-95
Spelter, East St. Louis, spot, per lb.	10-75	11-80	10-60	10-17
Lead, spot, per lb.	4-95	6-25	5-75	5-75
Tin, "Straits," spot, per lb.	53-50	51-50	45-25	44-62

THE ECONOMIST

Vol. CXXIX

NOVEMBER 20, 1937

No. 4917

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which is the vital principle underlying their whole position—that the present hostilities in the Far East, and the situation which they have brought about, are “matters inevitably of concern to the countries which they represent, and—more—to the whole world.” And they sum up that “to them the problem appears not in terms simply of relations between the two countries in the Far East, but in terms of law, orderly processes, world security and world peace.”

Descending to details, the Brussels resolution takes up the Japanese affirmation that it is China whose actions and attitude are in contravention of the Washington Treaty, and it disposes of this preposterous contention by pointing out that, whereas China is engaged at this moment in full and frank discussion with the other parties to the treaty, Japan refuses to enter into any discussion with any of them. In conclusion, the Brussels Powers declare their belief that a just and desirable settlement is not to be expected from direct negotiations between the parties. And on this ground they once again propose a cessation of hostilities in order to give an opportunity for seeing whether an agreed settlement cannot be reached by negotiations between the Japanese and Chinese Governments and a committee of the Conference. China, they point out, has already accepted this suggestion; why does Japan persist in rejecting it?

Unhappily, this last question is really only a rhetorical one; for Japan's reasons for persisting in her intransigence are set forth in the Brussels Note itself, and this on the authority of the Japanese Government. “Japanese authorities have declared in substance that it is Japan's objective to destroy the will and the ability of China to resist the will and the demands of Japan.” In their statements to this effect, the Japanese have, no doubt, been telling the world what is their real policy; and such Japanese declarations are as much to the point as the rest of their declarations are beside it.

But such an exposure of the self-contradictions of Japanese words will not worry the realists who have uttered the words any more than they were worried, half-a-dozen years ago, by a similar spate of verbally damaging exposures at the time of the Manchurian affair. The Japanese will not begin to be worried by the behaviour of third parties unless and until the debate is transferred from the realm of words into the field of action. Meanwhile, they are going forward, full steam ahead, with their own action in China, with intent to present the world, this time, with a *fait accompli* which

will dwarf “Manchukuo” in the magnitude of its dimensions.

Will the Japanese succeed? In any adventure in aggression there is many a slip 'twixt the cup and the lip, and the bigger the adventure the greater the element of uncertainty. It is noticeable that, in the act of claiming a decisive success at Shanghai, the Japanese military authorities have again warned their public that the military struggle is going to last a good time longer yet. But is the outcome of Japan's present aggression to be left to depend simply on whether, on trial, she proves to have the strength to break China's will? Or is there to be some punishment for a Japanese act which has been pronounced by Japan's peers, assembled at Brussels, to be a criminal offence against international justice? This question may possibly be ignored by diplomacy, but it cannot be evaded by the conscience, or indeed by the enlightened self-interest of PRESIDENT ROOSEVELT's “law-abiding ninety per cent.” of the population of the world; and there is a hint of this in the final paragraph of the Brussels Note, where the Brussels Powers declare that they must “consider what is to be their common attitude” in the situation created by Japan's isolated refusal to recognise the operativeness of the Washington Treaty in the present case.

What is that common attitude to be? There is no doubt what it should be if conscience were allowed to be the sole director of action. The idea has been most lately and most impressively stated by PRESIDENT ROOSEVELT at Chicago, when he called for the “quarantine” of aggressors. Whether the full implications of quarantine have been appreciated and accepted by the American people is one of the questions which the new session of Congress will have to answer. But to continue as at present to trade freely with the outlaw is daily to offend against another principle which the American people holds dear—that of neutrality. The United States and the European Powers are not merely failing to help China in resisting Japan, they are helping the aggressor, since the cessation of the outside world's present trade with both parties would hamper Japan much more than China.

Though much can be done by Britain and France in encouragement and co-operation, the prospects of action depend in the last resort upon American policy. It would be very rash, however, for the Japanese or for anybody else to assume that this means no action. For the conscience of America is already stirred and her self-interest is beginning to appreciate that not even American democracy can purchase immunity by assisting aggression.

Coal Reform

A DECADE ago the coal-mining industry occupied the very centre of the political stage. But in recent years, though coal has been not far off the stage of urgent affairs, it has never been quite on it, and to-day, when still another Bill to reform the industry is coming before Parliament, the perennial problem of the coal mines has the air of advancing into the limelight again from the wings.

This absence has not been due to the solution of the industry's problems. Coal mining is still an industry working below its capacity and yielding less than a fair rate of return to either the labour or the capital invested in it. It is still by far the largest progenitor of Special Areas. All that has happened is, on the financial side, that the rot has been stopped by the 1930 Act, and, on the industrial side, that both sides have learnt to distrust their own bitterness.

The Government's Coal Bill, the text of which was issued last week and received a brief preliminary notice in the last issue of *The Economist*, has been expected

for the last two years. Nationalisation of coal royalties was promised at the General Election. The other main purpose of the Bill, the reinforcement of the powers of the Coal Mines Reorganisation Commission, was abortively attempted last year. The Bill is thus not unexpected. Nor would it be a legitimate use of language to describe it as a great step forward; the purchase of royalties has been recommended by virtually every authoritative inquiry for nearly twenty years; and Part II of the Bill merely attempts to restore the procedure for compulsory amalgamation to what it was generally understood to be under the Act of 1930. But within the limits thus marked out for it, there is much in the Bill which deserves commendation.

The opportunity has been taken to include in the Bill a number of minor matters in connection with the industry which required legislative attention. Such are, for example, the continuation of Part I of the 1930 Act and the grant of powers for the compulsory acquisition of land for pithead baths. But leaving these details

aside, the two subjects of the Bill's main concern are royalties and reorganisation. They are, of course, closely related matters, and it is good that they are to be dealt with now in one enactment and in future by a single Coal Commission, absorbing the present C.M.R.C.

There was not much room for surprises in Part I, which deals with the nationalisation of royalties. The principle was agreed, and the total price to be paid had already been fixed by arbitration at fifteen years' purchase, or £66,450,000. This part of the Bill is therefore chiefly concerned with the methods to be followed in dividing this sum between the individual royalty owners—a task which is to be entrusted to a Central Valuation Board and a number of Regional Valuation Boards. Valuation will be a lengthy task, and the royalties are not to be completely vested in the Coal Commission until July 1, 1942. The Commission is, however, given certain powers to consolidate the leases of single mining undertakings during this interim period.

The finance of the scheme follows familiar lines. Provisions, which may possibly be criticised as too generous to the owners, are made for the assumption by the Commission of the costs of registration and valuation, and the Commission is given authority to borrow a further £10 millions, over and above the arbitrated sum, to cover these, the other expenses of the interim period and the cost of acquiring any ancillary minerals. The exact outgoings of the Commission obviously depend upon the sum to be borrowed, the rate of interest payable and the provisions for amortisation. But on a fully generous estimate they can hardly exceed £3,250,000 per annum, compared with its prospective income of £4,430,000. The Commission's borrowing may (but need not) be facilitated by a full Treasury guarantee. The margin of at least £1,180,000 per annum will have to cover the Commission's own expenses and its allocations to reserve. Any balance remaining is to be used for three purposes: (a) the reduction of underground wayleaves (by general admission the least justifiable burden on the industry); (b) the reduction of individual royalty rents which are more onerous than the average of their district; and (c) a general reduction of rents in districts where the average royalty is unduly onerous.

There will thus be some alleviation for the industry almost from the start; but it will be years before it can affect other than hard cases. On the whole, however, the scheme is soundly conceived, and the benefit it will bring to the industry will be far greater than can be measured by financial relief alone.

Part II is concerned with reorganisation. The corresponding part of the 1930 Act had a curious political parentage. It was formally sponsored by the Labour Government. But the whole of the reorganisation chapter was due to Liberal insistence in the House of Commons after the Bill had been introduced. And the Conservative House of Lords inserted the clause laying down the conditions to be satisfied before the Railway and Canal Commission could approve a scheme. It was this clause which rendered the Act inoperative, for it required the Coal Mines Reorganisation Commission to provide legal proof of matters (i.e. that a scheme was in the public interest, or that it would reduce costs of production) which were not susceptible of affirmative demonstration before the scheme was put into operation.

The Bill which was introduced last year, and later withdrawn in deference to the opposition of the mine-owners, abolished the appeal to the Railway and Canal Commission, and it was this omission which was the chief ground for the industry's opposition. The new Bill reinstates the Railway and Canal Commission. It is thus a reversion to the legal structure of the 1930 Act, and there is a consequent temptation on a first reading to assume (as was assumed in *The Economist* last week) that the

majority of the improvements of procedure embodied in last year's Bill have been surrendered in this year's. Actually, such a judgment is less than fair to the Bill. Schemes of amalgamation will still have to go before the Railway and Canal Commission after running the triple gauntlet of the Board of Trade, the Lords and the Commons. But there are three substantial modifications of the 1930 Act. In the first place, the Coal Commission is no longer placed under the obligation of affirmatively proving that the scheme satisfies the four requirements—namely, that it is in the national interest; that it will result in lowering the cost of production; that it will not be financially injurious to any of the undertakings proposed to be amalgamated; and that it is fair and equitable to all persons affected. In the new Bill, the objectors must prove to the satisfaction of the Court that the provisions are not complied with. Secondly, the actual requirements are modified. The satisfaction of the national interest is left to Parliament and the “cost reduction” clause entirely disappears. The third requirement is amended to read that a scheme shall be “calculated to avoid financial injury” to the constituent companies. Only the fourth condition is unchanged. Thirdly and most importantly, the Railway and Canal Commission may amend a scheme to accord with the requirements. But a scheme may be rejected only if it is *ultra vires* or if it is incapable of amendment to satisfy the conditions.

It is very difficult to foresee how these provisions will work out in practice, since everything depends upon the precise meanings to be placed upon the words of the Bill, and it may not prove impossible for the objectors to find legal methods of obstruction and even of destruction. Subject to these reservations, however, the Bill does seem to provide a viable, though not altogether smooth, detour round all but one of the legal obstructions which brought the 1930 Act to a standstill. The one exception is the refusal of the Court to recognise as an amalgamation anything short of the complete merger of the constituent undertakings. If this attitude is maintained, the Coal Commission will be forced into a policy of “all or nothing,” but it will not be totally inhibited from action, and the compulsion of thoroughness may be a benefit in the long run.

The Bill will thus enter on its passage through Parliament with a substantial degree of goodwill behind it. The chief criticism—and it is a severe one after so many years—relates to the delays which the Bill envisages. Preparation and approval of compulsory schemes will not in any case be a speedy process. But the delay has been increased by the provision that no compulsory schemes may be presented before 1940—the fulfilment, and even extension, of a pledge given last year by LORD RUNCIMAN which might have been expected to have lapsed with the Bill to which it related. There have been too many disastrous delays in the mining industry for such further procrastination in applying reforms which are already belated to be tolerable.

Opposition from the mineowners is to be expected both before and after the Bill's passage into law. But the fact that a Conservative Government is now engaged in putting teeth into a measure whose original parentage was both Liberal and Labour should suffice to convince even such an obdurate body as the mining employers that further obstruction to the manifest will and intention of the community will do them more harm than good.

Legal obscurities, political delays and interested obstruction have conspired to postpone the inevitable for many years. If the new Bill, for all its delays and its possible ambiguities, succeeds in clearing the way for that thorough reorganisation which is almost universally accepted as necessary, it will have performed a service not only to those who earn their living out of the industry but to the whole community.

Who Buys British?

WHEN the present year is over different epitaphs will be written on it by the Prime Minister, the President of the Federation of British Industries, the Chairman of the Council of Foreign Bondholders and the investor in industrial ordinary shares. But all alike will concede credit to 1937 for a tangible and gratifying recovery in Britain's overseas trade. Between the first nine months of 1933, when trade touched bottom, and the corresponding months of 1937, the value of retained imports of merchandise into the United Kingdom increased by 51 per cent., from £451 millions to £683 millions, and the value of British exports by 44 per cent., from £268 millions to £385 millions. And more than half the total increase in imports and in exports has occurred since 1936.

The trend of economic events in recent months has been moving so rapidly that even the figures for so short a period as nine months may fail to give a true picture of the current state of overseas trade. In particular, changes in commodity prices have been almost kaleidoscopic in recent months. It may be well, therefore, to separate the figures for each of the last three quarterly periods, and to break up the increases which they show, by comparison with their counterparts in 1936, into their component elements of greater volume and higher average prices. The results are shown in a table on page 349.

The figures in this table are striking. They show that, throughout this year, so far, while the volume of exports has risen more, proportionately, than the volume of imports, import prices have been increasing faster than

export prices. The rise of prices was not perceptibly checked in the third quarter, but the growth in the volume of overseas trade, which appeared to be gaining impetus in the second quarter, lost some of its pace in the third. This slackening was more pronounced in the case of exports than of imports.

In view of the slight but perceptible tendency towards regression, shown by this analysis, it may be relevant to examine the latest available returns in closer detail. The figures in the tables at the foot of this page, accordingly, show the countries of origin of our imports and the countries of destination of our exports. The number of possible permutations and combinations of these figures is almost infinite. For example, it may be asked what part the Dominions and colonies of the British Commonwealth have played in our trade revival. The tables show that while trade with the Empire led the way in the first phase of recovery, other countries are now catching up. The value of our imports from Empire countries was 73 per cent. higher in the September quarter of this year than in the corresponding quarter of 1933, whereas for the rest of the world the increase was only 45 per cent. We are still buying largely from the Empire; our purchases in the third quarter of 1937 as compared with 1936 rose by 33 per cent. (against 21½ per cent. in our purchases from other countries). But while the value of British goods taken by Empire countries shows a rise of 59 per cent. since 1933 (taking third-quarter figures throughout), the increase since 1936 has been only 16 per cent., against an increase of 23½ per cent. in our exports to non-Empire countries.

DISTRIBUTION OF BRITAIN'S OVERSEAS TRADE

(In the Third Quarter of each Year)

TRADE WITH BRITISH COUNTRIES

(£'000)

From or to	IMPORTS				BRITISH EXPORTS			
	1929	1933	1936	1937	1929	1933	1936	1937
Irish Free State	12,308	4,847	5,517	5,715	9,314	4,684	5,129	5,044
West Africa	1,948	980	1,529	2,584	2,884	1,466	2,729	3,708
South Africa	3,943	2,350	3,015	5,047	8,224	6,023	9,783	10,670
India and Ceylon	18,877	12,371	14,852	19,849	20,316	8,455	9,380	10,466
Straits Settlements	4,119	831	814	2,551	3,003	1,113	1,675	2,182
Australia	10,325	8,361	10,023	15,232	14,603	5,471	8,553	10,326
New Zealand	8,563	9,197	9,704	11,469	5,980	2,819	5,325	5,792
Canada	12,419	11,587	19,529	28,203	8,641	4,910	6,143	7,558
West Indies	1,510	2,000	2,317	3,187	1,146	1,059	1,272	1,500
Other Possessions	5,799	8,478	7,442	10,989	7,884	5,067	6,131	7,776
Total	79,781	57,486	74,742	99,096	81,956	40,577	58,130	66,980
<i>Excluding the Irish Free State</i>	<i>67,473</i>	<i>53,142</i>	<i>69,225</i>	<i>93,981</i>	<i>72,641</i>	<i>38,183</i>	<i>51,001</i>	<i>60,976</i>

TRADE WITH FOREIGN COUNTRIES OUTSIDE EUROPE

(£'000)

From or to	IMPORTS				BRITISH EXPORTS			
	1929	1933	1936	1937	1929	1933	1936	1937
Turkey	560	151	268	365	993	328	188	379
Egypt	3,488	1,999	1,879	1,521	2,829	1,508	1,892	1,983
Iraq	365	123	635	954	577	414	493	834
Iran	2,013	2,014	2,389	2,889	466	227	632	713
China	3,347	1,819	2,809	2,975	3,584	1,707	1,482	1,454
Japan	1,914	1,345	2,342	2,785	3,661	838	931	1,077
United States	39,289	17,813	19,083	28,434	11,723	6,552	6,809	7,326
Dependencies	523	212	432	429	330	159	188	212
Cuba	3,458	1,746	1,938	1,835	486	147	282	331
Mexico	661	512	839	1,022	641	321	346	423
Colombia	523	258	79	35	785	557	679	805
Peru	2,369	1,683	1,761	1,847	467	180	307	267
Chile	2,579	900	1,139	2,576	2,299	208	458	523
Brazil	1,811	1,372	3,199	2,770	3,082	1,457	1,254	1,884
Uruguay	1,162	708	801	887	935	152	57	56
Bolivia	1,511	442	801	887	129	132	57	56
Argentina	20,807	10,805	10,816	11,652	8,105	8,398	4,070	5,641
Other Non-European Countries	2,105	1,338	1,422	1,898	2,648	1,379	1,306	1,512
Total	66,464	46,506	62,826	68,797	48,789	20,097	31,784	38,219

TRADE WITH EUROPEAN COUNTRIES

(£'000)

From or to	IMPORTS				BRITISH EXPORTS			
	1929	1933	1936	1937	1929	1933	1936	1937
U.S.S.R.	8,447	6,003	6,835	10,397	968	602	1,142	921
Finland	5,434	4,831	6,220	8,263	870	742	1,287	1,829
Latvia	1,675	980	1,000	1,509	544	381	366	478
Sweden	7,665	4,962	5,709	7,775	2,610	1,889	2,706	3,613
Norway	3,806	1,821	2,082	2,888	3,027	1,354	1,655	2,148
Denmark	15,133	9,834	9,031	9,597	2,880	2,971	4,005	4,278
Poland	2,308	1,883	2,852	3,194	1,159	755	1,393	1,508
Germany	17,982	7,569	8,468	9,627	9,468	3,981	4,611	5,458
Netherlands	11,801	5,389	7,373	9,287	5,857	3,119	2,959	3,946
Dependencies	4,787	2,762	4,218	6,510	2,384	742	842	1,400
Belgium	11,338	3,290	4,747	5,555	4,607	1,995	2,166	2,532
France	14,077	4,559	6,751	5,809	7,649	4,104	4,286	5,028
Dependencies	1,603	651	1,136	1,592	1,803	837	1,056	978
Switzerland	3,351	1,252	1,728	1,916	1,467	996	1,026	1,232
Portugal	1,140	731	999	1,182	1,182	646	646	736
Dependencies	231	76	80	180	815	1,092	646	634
Spain	3,408	1,777	1,813	1,323	2,555	1,048	458	736
Dependencies	408	106	103	152	426	944	158	99
Italy	4,020	2,463	723	2,133	3,808	2,247	86	1,440
Dependencies	24	19	2	5	34	23	1	3
Austria	744	321	628	703	679	240	368	459
Czechoslovakia	1,803	806	1,509	1,869	512	231	453	626
Greece	294	174	396	373	1,400	443	742	789
Romania	648	924	1,868	972	533	484	384	450
Other European Countries	1,720	1,617	3,143	3,509	1,322	795	1,141	1,628
Total	124,089	64,796	79,806	96,390	58,594	32,127	34,474	46,184

RE-EXPORTS

(£'000)

To	1929	1933	1936	1937
U.S.S.R.	935	426	2,751	5,224
Germany	4,376	2,086	1,640	1,534
Netherlands	1,509	447	587	434
Dependencies	43	21	17	20
Belgium	1,768	787	1,033	1,082
France	8	5	5	6
Dependencies	2,693	1,314	1,376	1,660
United States	51	38	30	30
Dependencies	3,994	2,212	1,692	2,834
Other Foreign Countries	5	3	3	3
Irish Free State	2,737	1,771	1,956	2,638
Other British Countries	2,554	1,214	1,282	1,677
Total	3,183	1,636	1,445	1,568

Who are our suppliers? Which countries are our best customers? In the third quarter of this year we drew nearly 33 per cent. of our total imports from five countries or groups—the United States, India and Ceylon, Australia, Argentina and New Zealand—in that order. Our imports from these countries rose in value by 35½ per cent. as compared with a year ago, while our imports from all countries rose by 26 per cent. On the export side, our five best customers, in order, were South Africa, India and Ceylon, Australia, Canada and the United States, who between them took 34 per cent. of total exports. The value of our exports to these countries, however, increased, by comparison with the third quarter of 1936, by less than 15 per cent., against an increase of nearly 20 per cent. in our exports.

The majority of these countries are producers of raw materials, and the higher value of their overseas sales now may have, as a corollary, increased purchases by these countries later. How far is the latter tendency already visible? Is Britain's trade growing less or more rapidly with primary producing countries than with industrial countries? The figures show that, in fact, Britain's total imports from ten primary producing countries* have risen, between 1936 and 1937, by 11 per cent., while imports from ten manufacturing countries† have risen by 22 per cent. Our exports to the primary countries have grown by 16½ per cent. and to the manufacturing countries by nearly 19 per cent. The demarcation between the two groups is admittedly vague—the United States, for example, is the world's largest primary producer as well as the greatest of industrial nations. Broadly speaking, however, the figures suggest that up to the present the prosperity of the industrial countries has been at least as important a factor in our overseas trade revival as the higher prices which the primary countries have secured for many of their products.

Further analysis shows that a significant share of the total increase in demand for British goods has come

* India, Australia, South Africa, Canada, New Zealand, Argentina, Brazil, Denmark, Norway and Egypt.
† Germany, Belgium, France, Japan, the United States, Czechoslovakia, Sweden, Switzerland, Holland and Poland.

from those countries which recently re-aligned their currencies. Our exports to them were 36 per cent. greater in value in the third quarter of 1937 than of 1936, against an increase for all countries of 20 per cent. A more surprising feature brought out by the tables is the fact that countries whose trade is regulated by different forms of exchange control, clearing, etc., have shown more than the average increase in their trade with us. In the latest quarter, our imports from eight of these countries rose in value by 23½ per cent. and our exports to them by 27 per cent.

A detailed study of the latest available figures of the distribution of our foreign trade is thus at least partially reassuring. Current recovery is well distributed over

TRADE IN EACH QUARTER OF 1937 COMPARED WITH CORRESPONDING QUARTER, 1936

	Value £ millions	Value %	Volume %	Prices %
Retained Imports:—				
First quarter	+26.3	+14.3	+3.4	+10.5
Second quarter	+46.2	+24.8	+7.5	+16.4
Third quarter	+47.5	+24.7	+5.8	+17.8
British Exports:—				
First quarter	+15.0	+14.2	+10.0	+4.0
Second quarter	+28.3	+27.7	+18.6	+8.1
Third quarter	+22.1	+19.8	+8.4	+10.4

the face of the globe, and is not dependent on the fortunes of any single group of countries. It is not governed primarily by our fiscal policy; for its present impetus is coming from countries outside rather than from those inside the British Empire. It is not confined to our trade with those countries which, as primary producers, have been the initial beneficiaries of rising prices, and may be the first to take the impact of declining prices. The improvement has, in fact, been the result of increased prosperity the world over, and its maintenance, consequently, is bound up with the state of world trade as a whole. The future course of commodity prices and the possibility or otherwise that the recent recession in American business may spread to other countries—these questions hold the key to the future of Britain's overseas trade.

French Railways

ON November 13th M. Bonnet announced that the sterling credit of £40 millions granted by a group of bankers to the French railways would be repaid next month. This is the latest of a series of steps to restore order and confidence in French national and railway finances. One very important item in this programme was the institution in September of the National Railway Company of France, to operate from next January. The immediate purpose of the company was to balance the Budget, but on a longer view it marks another stage in the historical trend of French railway administration towards unification and State control. The British railways from the first were developed by private enterprise, because the Industrial Revolution in this country preceded the Railway Age. There was an accumulation of capital in private hands to finance the new mode of transport. In most other countries, however, where railway building was a means to industrialisation, it was necessary for the State to participate in the early stages of development. In France, a compromise between State control and private management has been tried for a hundred years.

The principles of railway development in France, which began in 1823, were first laid down in 1842. The State undertook to provide the land and track, while the private companies were to be responsible for the permanent way and rolling stock. In the crisis of 1848, however, many of the companies failed; and between 1852 and 1857 some twenty-eight concerns were merged into five great companies: the North, the East, the Paris-Orleans, the Midi and the Paris-Lyons-Marseilles.

These arrangements, unfortunately, were short-lived. Two years after the crisis of 1857, the railways were

divided into two categories. One-half of the profits of the main lines was to be paid out to the shareholders. The other half was to provide a fund to make up the deficit on the lesser lines. In effect, the interest of the shareholders was guaranteed by the State, because the Government was pledged to assist if one-half of the profits was inadequate for the needs of the secondary lines. In 1878, a State Railway Company was set up to acquire the lines of small bankrupt companies; and in the following year the Chamber adopted the so-called Freycinet Plan to construct 181 new lines.

A new situation was created by the Freycinet Plan, and a new definition of the relations between the State and the railway companies was drawn up in 1883. The State was to control the companies, whose concessions might be revoked. The State was to make advances to the companies, and guarantee the payment of interest and dividends to shareholders. The movement towards State control and unification was thus accelerated, though private ownership was still retained. Under the arrangements made in 1883, the railways prospered.

The Great War was, however, the beginning of a new period of chronic financial difficulties. The wear and tear entailed by wartime traffic, the devastation of the areas occupied by the enemy armies, the slump in exports after the war, and the rise in prices, wages and pensions—all these combined to produce a deficit of 5,000 million gold francs. A new financial and administrative arrangement was made in 1921. Again the trend of legislation was towards further State control and more complete unification of the French railway systems. Administrative fusion was effected by the establishment at the Works Department of two boards: the *Conseil National des Chemins de Fer* and

the *Comité de Direction des Chemins de Fer*. Some degree of financial unification was secured by the creation of a joint fund into which were to be paid the surpluses of the profit-making companies, which were to be used for the assistance of the less successful lines.

This new scheme did not work particularly well in practice. Its details were not clearly defined, and, moreover, the working deficits of the companies were much greater than had been anticipated. The financial position of the companies was further confused by the growing practice of Government borrowing under the name and on the security of the railways. In annual Budgets only the yearly charge for interest on these loans was included and not the nominal capital value. The following table summarises the financial results of the companies, under these conditions, since 1929:—

FINANCIAL RESULTS OF FRENCH RAILWAYS
(Million Francs)

Year	Receipts	Expenses	Financial Charges	Total Expenditure	Surplus or Deficit	Deficit of Joint Fund
1929	15,873	12,485	3,090	15,575	+ 298	- 187
1930	15,790	13,982	3,123	17,085	- 1,295	- 1,784
1931	14,359	13,987	3,275	18,942	- 2,583	- 3,041
1932	12,241	12,611	3,214	15,825	- 3,574	- 4,094
1933	11,584	12,021	3,408	15,424	- 3,840	- 4,388
1934	11,088	10,978	3,508	14,487	- 3,419	- 3,958
1935	10,030	10,430	3,350	13,882	- 3,852	- 4,393
1936	10,211	10,887	3,425	14,189	- 3,977	- 4,809

The figures show that the situation grew steadily worse after 1929. The economic recovery, which came to many countries after 1933, was delayed in France. To crown all, the institution of the 40-hour week in 1936 entailed an increase of 80,000 in railway personnel, and wage-cuts were restored. By then the accumulated debt of the companies was 27,000 million francs, and this year it seemed likely to reach 35,000 millions. Meanwhile the sums charged on the Budget to meet the deficit on the railways rose from 60 million francs in 1931 to 120 millions in 1932, 359 millions in 1933, 622 millions in 1934, 915 millions in 1935, and 1,100 millions in 1936. State receipts from taxes on transport were exceeded in 1935 and 1936 by State expenditure on the payment of interest on railway loans. Borrowing for the railways added to borrowing for ordinary budgetary needs rendered the Treasury's task impossible.

It was clearly evident this year that railway reorganisation had become an essential part of any

programme to balance the State Budget. The Socialists demanded nationalisation, but, in the provisional solution worked out by M. Chautemps' Radical Cabinet, State ownership was once again avoided. Under it, a National Railway Company was created, to operate, officially, from January 1, 1938. The State will hold 51 per cent. of the company's capital of 1,500 million francs. The companies' 49 per cent. of shares will be blocked until 1955, when they will be given to the companies' shareholders in exchange for their present holdings. The new company, administered by a board in which the Government has a majority and whose president is appointed by decree, will remain in existence for 45 years. In 1983 the whole of its assets will revert to the State, and a trend of 150 years of French railway history will be complete.

Meanwhile, the finances of the railways are to be set in order. The general accounts must be balanced by 1944, and the working accounts five years earlier. Rates and fares will be raised when necessary. A 25 per cent. increase from January 1st is being mooted. The State will also guarantee minimum dividends and interest. But, most important, the State finances and the finances of the new company are to be entirely separated: the Government will no longer be able to borrow on the security of the railways; and if fresh State advances are made to the new company the capital amount must appear in the Budget statement.

Railway expenditure in 1937 is estimated to reach 14,000 million francs, compared with 10,687 millions in 1936, an increase due to increased costs and wages and shorter hours. Receipts last year were 10,210 million francs. This year a 10 per cent. increase in receipts is expected, to which must be added the yield of the recent 25 per cent. increase in rates and fares. Thus, receipts and expenses will probably balance at the end of the year. But some 5,000 million francs of annual financial charges will still remain uncovered. And to meet this deficit would require a rise in general economic activity to about 20 per cent. above the boom level of 1929.

The outcome of this scheme is, therefore, uncertain. The railways are still unable to meet their liabilities out of income, and they will continue to work at a loss unless and until business recovery produces a significant increase in net receipts. Railway problems in France cannot be separated from the more general problems of restoring Governmental authority and reviving trade and business confidence.

Notes of the Week

Mr Chamberlain at Edinburgh.—On Friday of last week Mr Chamberlain followed up his Guildhall speech with one at Edinburgh, which has also been well received in Berlin and in Rome. This time the Prime Minister made his transition from home to foreign affairs in an odd passage, which seemed to imply that the management of this country's foreign relations—described as "problems beyond our control which arise outside of these shores"—were an unwarrantable and vexatious burden which the Government would not carry if it had any choice about it. After that he named three objects of the present Government's foreign policy in descending order of importance: first, the protection of British interests and the protection of the lives of British nationals; second, the maintenance of peace; third, the cultivation of friendly relations with other nations who are prepared to co-operate with us in keeping the rules of international conduct. If Object Number One is more than sufficient to tax the Government's courage and energy, it is a bad look-out for Objects Two and Three. When British Ambassadors are being machine-gunned, British ships seized, British cargoes impounded, British buildings battered down, and British trade paralysed, we cannot, if Mr Chamberlain's programme be taken literally, expect much from His Majesty's Government on behalf of wider interests. There is an illogicality in Mr Chamberlain's policy, and it might well be fatal. The

Prime Minister refuses, like all his followers, to face the perhaps formidable but certainly incontrovertible fact that, considering "our tremendous world interests," there is really no means either of protecting British lives and interests or of keeping the peace effectively, short of seeing to it that "those rules of international conduct, without which there can be no security or stability in this world," are properly observed by all parties.

Halifax and Perth.—Mr Chamberlain, in his Edinburgh speech, did not perhaps make a very searching diagnosis of the causes of re-armament when he spoke of fears only, without mentioning ambitions. There remains his concluding appeal to human nature; and we sincerely hope that this will be met by a constructive response, in Berlin and in Rome, to the British overtures that are now to be made in the two butt-ends of the Axis by Lord Halifax and Lord Perth respectively. The prospects of Lord Halifax's exploratory mission have not, after all, been spoilt by a mischievous prognostication, on this side of the water, that Herr Hitler intended to offer him a ten years' German silence Germany's meanwhile taking a free hand for herself in Central Europe. The anger with which this private

British conjecture has been greeted in a public organ of the Nazi Party may equally well mean that the conjecture does, or that it does not, hit the mark. Alternatively, the anger in Berlin may have nothing at all to do with the question of what is the truth about Herr Hitler's intentions, but may simply register the displeasure of an extreme chauvinistic school of political thought in Germany at the idea of making any concessions to British desires, even on a basis of give and take. In any case, this storm in a tea-cup has not postponed Lord Halifax's journey, but has actually hastened it on by twenty-four hours, and the conversations from which so much appears to be hoped are being held as we go to press. It is amusing to observe that a *canard* which has aroused some resentment in Berlin has produced something like consternation in Rome, where the Axis is valued above all for a symmetry which would be irretrievably destroyed if Germany were to use it for her aggrandisement while Italy obtained no more from it than she does to-day. This concern for symmetry, however, is the Duce's business, if anybody's. At least, it is neither Lord Halifax's concern nor Lord Perth's.

Defence of the People.—On Tuesday the second reading of the Air Raid Precautions Bill was carried. While the Opposition and representatives of local authorities still believed that the Government ought properly to bear the whole cost of these delayed measures, and that the cost was likely to exceed official estimates, they had no wish, in the words of Mr Morrison, "to sabotage or obstruct the Bill." The Government's view, expressed in the Bill and in Sir Samuel Hoare's apology, was that the cost of ideally satisfactory schemes would be prohibitive; but that local authorities might, in equity and to ensure responsible administration and finance, be required to bear some of the cost of the compromise schemes. The Government will contribute 100 per cent. of the cost of fire-fighting and other appliances; up to 75 per cent. of other costs; and 85 per cent. of the cost above the produce of a penny rate. Moreover, if the average cost is more than the produce of a penny rate, the arrangement may be amended, and will in any case be revised after three or four years. The Government have gone a long way to end this unseemly wrangle; and interest now rests in the adequacy of the precautions proposed—which are admittedly not ideal—against explosive, gas and incendiary bombs.

The staples of defence are to be public refuges, gas-proof shelters, decontamination plans, hand-pumps, cheap shovels, boxes of sand and auxiliary fire-fighting machines—apart from gas masks and anti-aircraft provision, which has still made seriously little progress. Plans for the evacuation of London in emergency are in hand; and the President of the Board of Trade has decided to create a shadow organisation to control food supplies in each local area, as part of plans being prepared to control the supply and distribution of food and feeding stuffs in war-time. These problems are at last being tackled. The protection of the persons, food, morale and property of the civil population are as important in modern warfare as the manufacture of arms, and it is in precisely these respects that hitherto we have fallen behind. It is to be hoped, not only that Sir Samuel's shovels and boxes of sand will prove as effective as his gas masks are claimed to be, but also that the major problems of anti-aircraft defence and food storage will be thoroughly and successfully solved. The urgency of these needs is a sad reflection on our civilisation.

Imperial Airways Inquiry.—On October 28th Mr W. Perkins launched an attack on Imperial Airways, Limited, in the House of Commons, alleging victimisation of pilots and deficient planes and equipment. Un-

convinced by both the Government's reply and that of the company, last Wednesday he returned to the charge, after a series of skirmishes in the Press. He moved that an inquiry be made forthwith into the position of British civil aviation. On the one hand, he accused the Air Ministry of subsidising competing companies on the Paris route and of neglecting the development of up-to-date civil machines; the expensive airports provided by municipalities were left virtually derelict. On the other hand, turning to the Government's "chosen instrument," Mr Perkins repeated his previous charges against Imperial Airways: their subsidy had been doubled in two years and their dividends and directors' fees had been augmented; but the salaries of their servants had been cut and their machines and equipment were obsolescent. Their Continental services were "a laughing stock," and were not even so safe as their foreign competitors.

Although Mr Perkins may have overstated his case, none of his critics in debate destroyed the validity of his brief. It was variously stated that, since inquiries had been held in 1934 and 1936, another might be redundant; that the defence programme had delayed deliveries of aircraft; and that Imperial Airways' flying boats were excellent. None of these replies could be seriously disputed; but, as the tone of the debate showed, they were not enough to allay the widespread feeling that no heavily subsidised concern should fail so patently to satisfy the demands of its employees and the requirements of a nationally important public service. The proposal of the Under-Secretary for Air to set up a Departmental Committee to investigate specific charges went straight to the point. Anxiety within and without Parliament will only be dispelled when it is made quite clear both that Imperial Airways is fully discharging its plain duty to be efficient, and that the Government's narrow interpretation of the responsibility which should go with the subsidy is not likely to imperil the proper use of taxpayers' money.

Film Matters.—Many last-minute proposals, involving drastic changes, are being made for amending the Cinematograph Films Bill, whose Committee stage opened on Thursday. The Government's new scheme for a Film Council, in place of the Films Commission recommended by the Moyne Committee, has now been published. The Council takes the form of a considerably enlarged Advisory Committee—on which trade interests will be a permanent minority—with powers to initiate recommendations to the President of the Board of Trade over a wide area of problems and matters relating to the film industry, and to consider and investigate also any subject to which his attention has been drawn from authoritative quarters. This is

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probably as far as a Government Department can be expected, under present conditions, to go in relaxing its administrative control of the industry. Another subject to which much attention has been given during the past few days is the proposal to split the renters' and exhibitors' quota and make them independent of one another. Any last-minute proposal is not necessarily unsound; but its tardiness necessitates the closer scrutiny. The present proposal was never before the Moyne Committee or any of the trade organisations, or the Board of Trade, until a few days ago. The first impression it suggests is that it will definitely create monopoly values for inferior pictures. This is the kind of protection which might prove seriously harmful to national interests. A second impression is that under it any possibility of building up an independent industry, for the production of pictures which would have world-wide circulation on their merits, would disappear for ever. A final impression is that it would render impossible any scheme of reciprocity with America, which leading impartial authorities regard as indispensable for creating an independent industry. The price, altogether, seems heavy and the benefits doubtful. It may well prove that splitting the quota is as difficult as splitting the atom.

Anglo-American Trade Agreement.—Simultaneous announcement was made in London and Washington on Thursday, shortly before we went to press, that the first stage of the lengthy negotiations for a Trade Agreement between the United States and the United Kingdom has been successfully accomplished, and that the two Governments "feel able to announce that negotiations for such an Agreement are contemplated." The actual state of the matter is more advanced than such cautious terminology would indicate. The Act of Congress under which the President is acting imposes on him the obligation of giving formal notice of his intention of concluding an Agreement. But the two Governments would clearly not commit themselves so far unless they were already well assured of ultimate success. The formal negotiations, in fact, may be expected to be no more than a formality, and the final conclusion of the Agreement may be hoped for before long. The supreme importance, both in the sphere of commercial policy and of wider international relations, of such an Agreement between two countries which are both the world's biggest traders and its most powerful democracies, as been so often emphasised in these columns that there is no need to set it out once again. It remains to hope, firstly, that there will be no more unnecessary delays and, secondly, that the scope of the Agreement will turn out to be wider than seemed possible when it was first mooted.

Congress and President.—The special session of Congress summoned by President Roosevelt for the purpose of passing those New Deal measures which were postponed in the summer, began its meetings on Monday. Since the summons went out, however, the political atmosphere has been changed by the sudden onset of unmistakable business recession, and some people allowed themselves to believe that the task of the special session would turn out to be not the continuance but the undoing of the New Deal. The business community has to a considerable extent persuaded the country that the recession is the work of the Administration, and that what Washington has done, Washington can undo.

A speech by Mr Morgenthau, the Secretary of the Treasury, last week, with its emphasis upon the need for encouraging private capital, encouraged Wall Street to believe that its main demands had been admitted and conceded. After this, the Message which the President sent to Congress on Monday was a severe disappointment. True, the President repeated his subordinate's concern for the active use of private capital, but it was

coupled with a threat of Government action to "take up the slack" if private enterprise did not respond. He held out hopes of tax modifications, but only in so far as they did not encourage tax evasion or speculative profits and did not lower the revenue. Moreover, there was a general warning against "the growing concentration of economic control and resultant monopolistic practices which persist to-day in spite of the anti-trust statutes." Relief from their burdens was promised to the railroads and the public utilities, but "because of thoroughly unsound financing extending over many past years, solutions will frankly be difficult." The President is thus in no hurry to apply for the job of businessman's darling. But the acute disappointment felt in Wall Street seems to reflect considerable naivety of anticipation. Judged not by the desires of businessmen, but by the past declarations of the President, his speech shows a considerable change. It is at least clear from it that the present recession in trade is not going to be made the occasion, as was feared only a week ago, for an intensification of the radical tendencies of the New Deal.

Nanking in Danger.—In contrast to the position of a month ago, it is the Shanghai front which is now witnessing the most rapid Japanese advance in China. In the North there has been comparative quiet, except for the capture by the Japanese of the town of Tsiyang, which brings their left wing to the banks of the Yellow River. The last Chinese resistance in the Shanghai area was overcome at the end of last week by a savage bombardment of Nantao, the crowded quarter in which the Chinese remnants were caught between the Japanese, the foreign concessions and the river. Since the front moved westward from Shanghai, the Japanese have been able to use their great superiority in mobility. One Chinese line has already been successfully outflanked by rapid advances from the coast south of Shanghai. Soochow is now in the battle area and has been heavily bombed. The Chinese have not yet got back to their "Hindenburg line," which is heavily fortified all the way from the Yangtze to the sea. But observers on the spot seem to have little doubt that this line will soon be reached and possibly turned by Japanese naval superiority. Nanking is less than a hundred miles behind it. The capital has suffered regular air raids for some time, but it may soon be within reach of the guns. The National Government is therefore evacuating Nanking and removing to inland cities, some as far distant as Chungking in Szechwan. It has long been expected that the Japanese would defeat any Chinese army sent to stop them, and a retreat of the Government into the interior has been an acknowledged part of Chinese strategy. But these evidences of the aggressor's overwhelming superiority of armament nevertheless make unpleasant reading.

A Soviet Concession.—With the war in China obviously reaching a crucial stage, with the Brussels Conference in session, with the excitement aroused by Lord Halifax's visit to Germany, and with the other preoccupations of a distracted world, the latest development on the Spanish Non-Intervention front has not received the welcome it deserves. At Tuesday's meeting of the Non-Intervention Sub-Committee, M. Maisky announced that the Soviet Government now accepted the resolution of November 4th, embodying the British plan, in its entirety and without any reservations. This does not mean that Soviet Russia is now ready for belligerent rights to be granted to the insurgents, for M. Maisky went on to say that his Government would reserve their interpretation of the term "substantial withdrawal" of foreign volunteers—which is to be the condition for the grant of belligerent rights—until the matter came up for consideration. The road is thus by no means entirely clear. But the Soviet concession does at least remove some of the preliminary obstacles. Moreover, by postponing the almost inevitable difference of opinion until a time when it will be the grant of

belligerent rights, and not the withdrawal of volunteers, which will be up for decision, Russian diplomacy has placed the Germans and Italians in a position where their insistence on unanimity may work to their own disadvantage. Thus very slowly the plan for reinstating non-intervention makes progress. In recent weeks the military development of the war has been equally slow, but as we go to press an insurgent offensive on the North Aragon front, where the long battle-line meets the Pyrenees, is almost momentarily expected.

The Coup d'Etat in Brazil.—On November 10th the reigning President of Brazil, Dr Getulio Vargas, carried out a *coup d'état* of which the political effects may in the long run overshadow the financial and economic. The latter (dealt with elsewhere in this issue) have been immediate—for the modification of foreign debt services and the nationalisation of banks is now-days almost *de rigueur* for dictatorships without distinction of ideological colour. Such gestures have, indeed, not been unknown in Latin-America during the century which elapsed between the achievement of Latin-American independence and the emergence of the post-war totalitarian regimes in Europe. And the declaration that Brazil is now to become a corporative State need not mean much in itself—for, after all, it has not meant much in Italy, where the formula was invented. The crucial question is that of how much weight is to be attached to President Vargas's public statement on November 13th, when he declared that "Brazil was not interested in the anti-Comintern Pact because her attentions were concentrated on a Pan-American policy." This assurance was obviously intended to ease the anxieties of the United States, which has been studiously trying not to mind what is now happening in Brazil, and of the Argentine, which has been ostentatiously not caring if she does reveal her displeasure.

Assuming that Dr Vargas is sincere, however, is it likely that he will really be able to tread a different path from his European counterparts? Before the new dictator had had time to say his sedative words, the Brazilian Embassy in London, in a statement issued on the 11th, had let the Bolshevik bogey out of his rabbit hutch. The doctor, they explained, had been compelled, to his own regret, to take his mandate owing to "subversive theories which were being imported into Brazil with the hope of realising a Bolshevik experiment on American soil." A "Bolshevik experiment" will be a perhaps irresistibly attractive bad name for Dr Vargas to give to that revolt of his personal opponents against his personal adherents, which is to be expected in a country as difficult to keep under any effective central control as Brazil. Brazil is so huge, and the clusters of population are so widely scattered over the vast expanses that the outlying States are perpetually taking the law into their own hands. Supposing that the President's opponents were to rise in arms in, let us say, Para or Pernambuco, would Dr Vargas be able to resist an offer of help from Signor Mussolini? The anti-Comintern aeroplanes would quickly hop over from the Canaries or from Fernando Po. And when they had settled the hash of the Bolsheviks on the Amazon, they might as well make another hop and rescue Mexico both from Bolshevism and from its elected President. Is the day coming when the United States Monroe doctrine about Latin-America will go the same way as the United Kingdom Monroe doctrine about the Iberian Peninsula?

Parliamentary Brethren in Unity.—For more than a week there has been remarkable accord in the proceedings of Parliament. All parties have welcomed, and all have criticised, the Blind Persons Bill, designed to lower the pensionable age of blind persons from 50 to 40. The same reception has been accorded the Juvenile Health Insurance Bill, which purposes to fill the gap in

the public provision for the medical care of 1,000,000 boys and girls between their leaving school and coming under the National Health Insurance Scheme on employment after the age of 16. These are necessary and overdue reforms. Once the pensionable age of blind persons was reduced from 70 to 50, the way was open for a further recognition of the fact that it is blindness, not age, which is, in these cases, the pensionable disability. Indeed, as many speakers pointed out, the age limit is still arbitrary and illogical; there is no reason, since, in fact, this is not an old-age pension, why the limit should not be lowered to 18. Some 65,000 of the 78,000 blind persons registered in Great Britain are over 40 years of age; and, happily, fewer than 2,000 are under 16.

The complaint that a good measure had not been carried far enough was also made about the Juvenile Insurance Bill. Young persons in employment between the ages of 14 and 16 are to be entitled to medical benefit, but not cash or, at first, dental services, on payment of a weekly contribution of 2d. A similar sum will be paid by employers, and the balance will be met by the State. The grave gap between the school medical services and the National Scheme, coming as it does at the most important stage after infancy in the physical and medical history of boys and girls, is in part closed. Some anomalies, however, remain. One of them is the difference between the benefits given by different approved societies. Another is the absence of dental treatment in these formative years, and this disadvantage is only partly offset by the fact that membership of the new scheme will enable persons over 16 to qualify for dental benefit at 17 instead of 18½. The latest reform will enhance the patchwork appearance of our health services: provision for infants, school children, juveniles and young persons is in the hands of different doctors and under different administrations, and continuity is lacking. Moreover, it was well argued in the Commons that, since employers now pay the whole of the contributions to Health Insurance in respect of adult low-wage earners, they might well do the same in the case of juveniles, who will all be low wage-earners.

Poles Apart.—"L'Etat c'est moi" is not its French inventor's copyright. What Louis XIV once said about France under the *ancien régime* might equally well have been said by Lenin about post-war Russia and by Pilsudski about post-war Poland; and in the two Slav countries the death of the ruler who embodied the State in himself has been followed by symptoms of disruption at a much shorter interval than the three-quarters of a century which elapsed between the death of Louis XIV and the outbreak of the French Revolution. The post-Leninian dissensions in Russia are too flagrant to require perpetual mention in a weekly chronicle; but the moment

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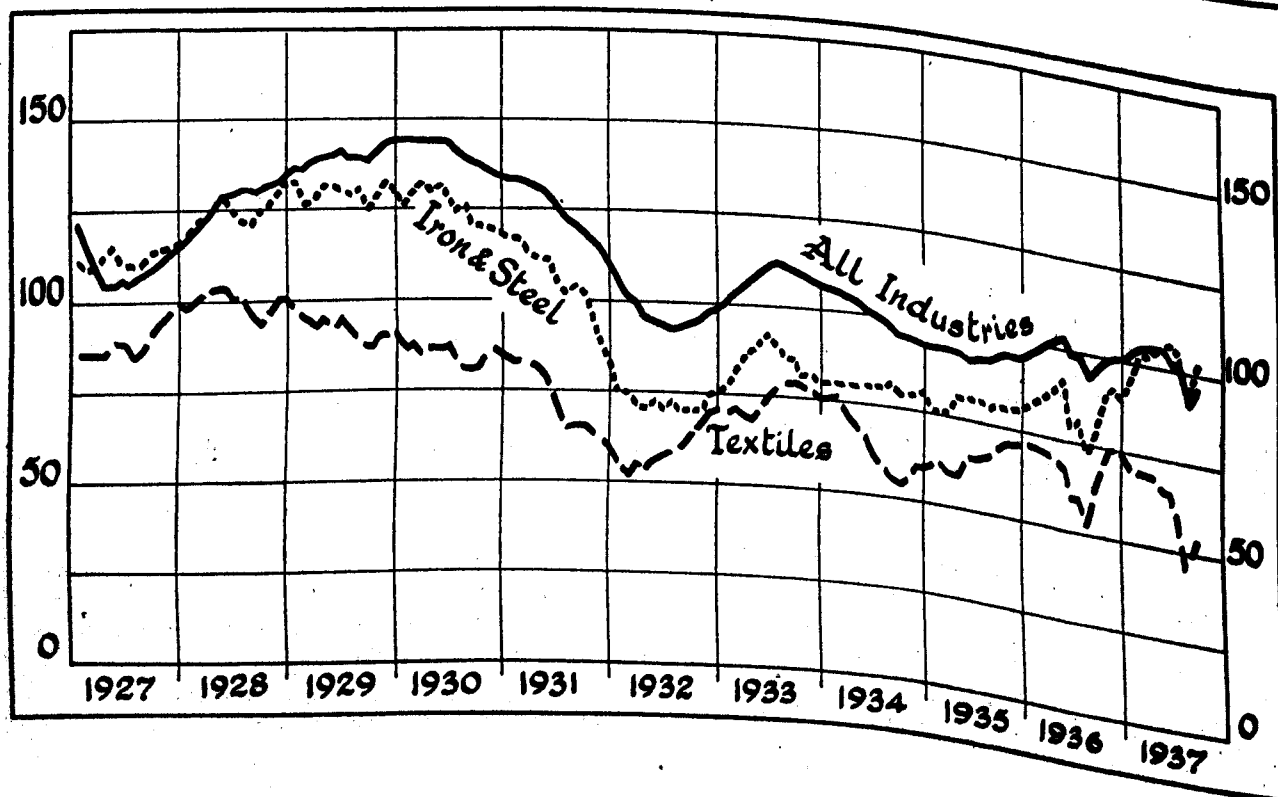
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has perhaps come for mentioning the first symptoms of corresponding post-Pilsudskian dissensions in Poland. Under the leadership of Pilsudski's Caliphah Smigly-Rydz, the late marshal's suite are apparently not strong enough to govern Poland effectively without allies, and at the same time they cannot agree among themselves on the vital and controversial question of the quarter in which they are to look for support. The left wing will not countenance the right wing's inclination towards an alliance with the anti-Semitic and at least semi-fascist National Democrats, while the right wing, for their part, will not tolerate an alliance with the peasants. The latter, who are after all the backbone of the Polish nation, have now sent a deputation to the President of the Republic, and they have been given an audience, in spite of the fact that their petition had a spice of ultimatum in it. They have told the President that if constitutional government is not restored, they mean to know the reason why. If the Poles were to fall out among themselves, with Germany and Russia craning their necks over the wattle fence on either side of the Polish paddock, Spain might soon be driven out of the headlines of the world's press.

— **And Germans Ungermans.**— While Poland's neighbours in the Reich are beginning to ask themselves again whether Poland may not, after all, be no more than a *Saisonsstaat*, they are also apparently wondering whether Austria may not have come to stay. And the second thought is as annoying as the first is gratifying to Nazi minds. Hence the present wave of openly expressed hostility towards Dr von Schuschnigg in the German Press. Austria, it is being said in the Reich, is not fulfilling the terms of the agreement of July 11, 1936. While that agreement recognised Austria's title to independence, it also put on record the fact that Austria was a German state; and in Nazi eyes being German means being germane to the Third Reich, or, in other words, being ripe for "Gleichschaltung" as that process has been so successfully applied in Danzig. Dr von Schuschnigg, however, has made it clear that he does not intend to let Austria go Danzig's way; and this is now driving the press of the Third Reich to indignation. It would not be surprising if to-morrow the medical officer at Berchtesgaden were to schedule his compatriot in the Ballplatz as a carrier of the Bolshevik plague. And when a country has promised to be German, it is intolerable that it should allow itself to become a breeding ground for the bacillus. Like the British Tories, the Austrian Bundeskanzler is coming into danger of being "put on the spot."

INDUSTRIAL PRODUCTION IN FRANCE
(1913=100)



Cabinet-Making in Rumania.—The Rumanian political crisis has been resolved in a manner which will be as unsatisfactory for Rumania as for her friends. The solution dictated both by Rumanian political practice and by the facts of the actual situation was that King Carol should entrust the Government, and with it the Party. But the King imposed a number of conditions, the chief of which was that M. Mihalache, the National Peasant leader, should secure the collaboration of M. Vaida Voevod's semi-Fascist "Rumanian Front." Oil and water naturally refused to mix, and M. Mihalache abandoned his task. The King has therefore reappointed the outgoing Liberal Premier, M. Tatarescu. The Liberals, however, after four years in office, have insufficient support to govern alone. Professor Iorga's National Democrats have, consequently, been admitted into the Cabinet, and an electoral pact has been concluded with the Rumanian Front. It is almost unknown whether the Government will be able to secure a Parliamentary majority, so that another four years of Liberal rule must be expected. At its worst, this will mean a steady drift towards the extreme Right. At its best, it will mean a Government which, internally, has no adequate basis in public opinion and, externally, professes a policy of co-operation with France and the Little Entente in which its sincerity will be suspect. King Carol may well be playing a dangerous game.

Trend of Business in France.—In contrast to other important countries, in France industrial activity has as yet shown no recovery. Indeed, the official index of industrial production, traced in the chart below since January, 1927, indicates that the volume of activity this summer was no higher than five years ago. Unlike most other countries, France was not immediately engulfed by the depression. Industrial activity, helped by favourable exchange ratios between the franc and other currencies, rose rapidly between the autumn of 1927 and 1929. Activity was maintained at a high level during the next twelve months, but turned downwards in the autumn of 1930, when adverse external developments began to be felt. From the autumn of 1930 to the middle of 1932 the course of activity in France followed that of other countries. As in the United Kingdom and America, the stage was set for recovery in the summer of 1932, and industrial activity rose sharply during the next twelve months. From the summer of 1933 onwards, however, France began to feel the effects of her Govern-

ment's attempts to maintain the gold standard in the face of falling world prices measured in terms of gold. There was an improvement in the autumn of 1935, but in the summer of the following year activity again took a downward turn as a result of numerous industrial disputes and M. Blum's social legislation, which increased the costs of production. Following the depreciation of the gold value of the franc in the autumn of last year, industrial activity again advanced, only to turn downwards once more last September, when the stimulus of exchange depreciation had exhausted itself and when the effects of M. Blum's legislation began to make themselves fully felt in industry. To-day, activity in the capital equipment industries remains subnormal, except in the iron and steel and engineering industries, which have benefited from the improvement in export demand and increased armament expenditure. The current volume of building activity is less than half of what it was in 1929. In the textile trades activity reached a new low level this summer, largely because the benefits of exchange depreciation were more than offset by the rise in costs. Since September, however, business activity has shown some improvement, but whether or not this will prove to have been the beginning of sustained recovery or merely another false start, time alone can show.

The Nation's Health.—The forward-looking activities of the health and fitness campaigns have not prevented Sir Arthur MacNalty, Chief Medical Officer of the Ministry of Health, from taking a pardonable pride, in his Report for 1936, in the revolution which has been effected during the past hundred years in preventive medicine. Not only have comprehensive health services been built up *pari passu* with the reconstruction and democratisation of central and local government, but remarkable concrete results have been achieved in declining mortality rates. The crude death rate just under a century ago was 22.4 per 1,000; in 1936 it was 12.1. The infant mortality rate has fallen in the same period from 153 per 1,000 to 59. Less than half the number of infants under one year of age who would have perished thirty years ago died last year. The death rates for tuberculosis have fallen since the fifties of last century from 3,476 per million to 657, a record low level. The maternal mortality rate of 3.80 per 1,000 live births is the lowest since 1923, though it is still disturbingly high. These are solid achievements. Yet there are still gaps in our health defences. There is need for greater knowledge and use of our health services; and the national campaign now in progress will have achieved much if it only removes finally from these services the stigma of charity inherited from the old Poor Law days. More serious, because not in the same way susceptible to solution by propaganda, is the problem of nutrition. Sir Arthur MacNalty refers to the work of the League of Nations and the Advisory Committee on this subject, and stresses the importance of cheap milk; but in the last resort this problem is economic, and, until it is solved beyond all peradventure, the health and fitness of a considerable minority of the population are liable to be undermined. Nor has the elimination of old scourges prevented the growing incidence of new ones; heart diseases, cancer and, as demonstrated at Bourne-mouth last year and at Croydon in recent weeks, typhoid and enteric are a challenge to the good record of this country in medicine and health provision. There can be no rest for the doctor and the Department of Health.

Foot- and - Mouth.—The epidemic of foot-and-mouth disease which has been raging in the eastern counties since early October has not yet been stamped out. Up to November 15th, 15 counties had been affected this year, and 74 outbreaks had been confirmed by the Ministry of Agriculture, of which 52 had occurred since October 6th. The total of animals slaughtered now includes 3,423 cattle, 5,980 sheep, 3,522 pigs and three goats. Some idea of the direct

loss involved may be gleaned from the fact that the sums paid by way of compensation this year amounted to £106,705 by Monday of this week—of which over £72,000 had been paid out since October 6th; and these figures do not, of course, take account of the indirect losses incurred by the unfortunate farmers whose beasts must be destroyed. The present epidemic seems likely to prove the most costly since the disastrous outbreak of 1923, when almost 130,000 animals were slaughtered at a cost of no less than £2,206,615. There is little doubt that the infection in the present instance has been brought from the Continent, where foot-and-mouth disease has been causing serious trouble this autumn. There is, however, no general agreement as to the way in which the disease may be transmitted. In the circumstances, the Government's policy of destroying all animals which have been in contact with infected stock seems wise and certainly appears to be justified by results. This view was ably argued by Professor G. H. Wooldridge, of the Royal Veterinary College, in a letter to the *Sunday Times* last week-end. Whereas the number of outbreaks in Great Britain during the five weeks ended November 15th was no more than 52, outbreaks in certain Continental countries, according to Professor Wooldridge, were as follows:—

France, six weeks to October 15th	38,758
Belgium, month of September	4,090
Holland, month of September	11,444
Germany, month of October	3,295

Even if allowance be made for the possibility that these figures are not compiled on a basis comparable with our own, there seems little doubt that the slaughter policy is the most effective means of stamping out the disease. It would be disastrous for our export trade in pedigree cattle if British herds were allowed to become infected with this scourge.

The Australian Elections—Final Results.—The final results of the Australian Federal elections of October 23rd are an astonishing example of electoral vagaries. In the elections to the House of Representatives the Government had an even greater success than its supporters had hoped for. Though some individual majorities were dangerously small, the Government lost only one seat to Labour. The United Australia Party now holds 28 seats, and the Country Party 17, against 29 held by Labour and one by an Independent. The Government thus has a clear majority of 15. On the other hand, of 19 contested Senate seats the Government could secure only three, those of South Australia. Half the Senate must retire every three years, and on this occasion there was a by-vacancy also. Thus, although the 17 non-retiring Senators are all Government supporters, Mr Lyons' majority in the Upper House will be only four, including (presumably) the President of the Senate, the existing incumbent of that office having been among those defeated. It is small wonder that there is to be an investigation into alternative methods of election to the Senate. Since elections to both Houses are on the alternative-vote system, the contrast between the two results arises chiefly from the difference in the size of the constituencies. The whole of each State forms one constituency electing three Senators, whereas the

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Newfoundland and the United States

Lower House is elected on the single-member local-constituency system. The anomalies of the results are, in one light, an illustration of the very even balance between the Government and Labour in the Australian electorate as a whole. In another, they are a warning that only a very small swing of the pendulum to the Left will give Labour command of both Houses in three years' time. Labour has but to win a single State's seats in order to gain a majority of one in the Senate, not counting the President. The constitutional powers of the two Houses, it should be noted, are equal, except that the Senate may not amend—though it may reject—money Bills or increase the tax burden. In the event of deadlock there must be a general election, and if the deadlock persists then the two Houses vote together.

National Savings Comes of Age.—The Albert Hall has housed in these troubled times many great assemblies which have met to express in the most solemn way the nation's response to events at home or abroad. It has also, in its time, been a setting for the revelries of the young in age or mind. Late last week it was filled by a meeting which had come together for a festival in which the solemn and the cheerful were mixed. Over 7,000 of the vast army of voluntary workers who constitute the National Savings Movement came together to celebrate its coming of age. They did not dance, nor did balloons descend in hundreds from the dome. But they heard a deservedly congratulatory address by the Duke of Kent, and other cheerful speeches were made by the Chancellor of the Exchequer, Lord Mottistone and Sir Robert Kindersley, who were at pains to emphasise that the movement's propaganda urged not parsimony but wisdom; not a hatred of spending, but a love for wise spending. The excellent results obtained by the 38,000 savings groups at work give ample testimony that this claim is not exaggerated. As we showed in an article in *The Economist* of May 22nd last, the National Savings Movement has advanced steadily ever since the war. The strength and adaptability of its direction augur excellently for growing strength in the years of its manhood.

Employment Underestimated.—The Ministry of Labour's widely-quoted monthly estimates of the number of insured persons aged 16 to 64 employed in

Great Britain (exclusive of persons within the agricultural scheme) are obtained by deducting the numbers recorded as unemployed from an estimate of the total number insured. Allowance is made in these calculations for workers absent from work as a result of sickness or trade disputes. The total number of insured persons, however, is ascertained only once a year on the basis of the general exchange of unemployment books in July. The figures of variations in employment between one July and another have to be based, therefore, on estimates of changes in the number of insured persons. The results of the general exchange of books last July, which are now available, show that the Ministry of Labour has considerably underestimated the increase in the number of insured persons since July, 1936. Consequently, its estimates of the number of persons in employment have been too low. Actually, the number of insured persons in Great Britain and in the United Kingdom increased, between July 1936 and 1937, from 13,050,000 to 13,400,000, and from 13,338,700 to 13,697,000, respectively. The unforeseen increase in the number of insured persons in Great Britain has necessitated the following revision in the Ministry of Labour's estimates of employment:—

EMPLOYMENT OF INSURED WORKERS AGED 16-64 IN GREAT BRITAIN
(In thousands)

	Original Estimates	Revised Estimates		Original Estimates	Revised Estimates
1936			1937		
July	11,006	11,011	Feb.	11,187	11,250
August ...	11,072	11,091	March ...	11,242	11,310
Sept.	11,082	11,110	April	11,394	11,472
October...	11,103	11,141	May	11,387	11,473
Nov.	11,120	11,166	June	11,517	11,613
Dec.	11,132	11,182	July	11,517	11,623
1937			August ...	11,562	11,672
Jan.	11,106	11,163	Sept. ...	11,555	11,662
			Oct. (a) ...	...	11,659

(a) New basis of enumeration.

As will be seen, the discrepancy between the two sets of estimates increased steadily from July, 1936, onwards, and, last September, amounted to no less than 107,000. Despite the difficulties of estimating the number of insured persons a year ahead, the Ministry of Labour's figures, nevertheless, provide a useful indication of the trend of employment.

NEW BOOK ON AMERICA

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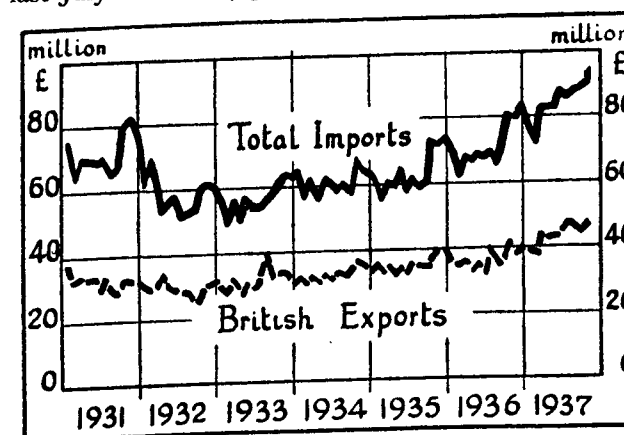
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Overseas Trade in October.—The trend of our overseas trade, measured in value, remains upwards, though the increase between September and October was largely seasonal. Imports last month reached the highest level since the depression, but were still 12.8 per cent. smaller than in the corresponding month of 1929. The value of exports did not quite reach the figure for last July and was 27 per cent. smaller than in 1929.



The increase in the value of trade over a year ago, however, has shown a decline, especially in the case of British exports. Thus exports last month showed a rise of only 13.1 per cent. over October, 1936, against an advance of 19.6 per cent. during the first ten months of this year. The excess of imports over exports, consequently, is still growing and, in October, was £43.2 millions, compared with an average of £34.0 millions during January-October. Movements in October and during the first ten months of this year are analysed below:—

	1935	1936	1937	Change between 1936 and 1937	%
October					
Total Imports	73,375	80,532	96,085	+ 15,553	+19.3
British Exports	38,865	41,764	47,216	+ 5,452	+13.1
Re-exports	4,732	4,560	5,699	+ 1,138	+25.1
Total Exports	44,597	46,325	52,915	+ 6,590	+14.2
Excess of Imports over Exports	48,778	34,207	43,170	+ 8,963	+26.3
Transshipments under bond	2,501	2,736	3,233	+ 497	+18.2
Ten Months					
Total Imports	612,396	688,109	837,941	+ 149,832	+21.8
British Exports	351,643	361,786	432,859	+ 71,073	+19.6
Re-exports	45,255	50,270	65,022	+ 14,752	+29.5
Total Exports	396,898	412,056	497,880	+ 85,825	+20.8
Excess of Imports over Exports	215,497	276,053	340,061	+ 64,007	+23.2
Transshipments under bond	20,461	23,310	30,976	+ 7,666	+32.9

There are no indications of an early change of trend, though a continuance of the fall in the prices of primary products is bound to find reflection in the course of our foreign trade next year.

Trade by Commodities.—An analysis of quantitative changes in our foreign trade between October 1936 and 1937 shows that the increase in value cannot be wholly attributed to the rise in prices. As the following table shows, our imports of many of the leading commodities last month were higher than a year ago.

RETAINED IMPORTS
Month of October

Item and Measure	1935	1936	1937
Wheat	'000 cwt.	9,840	8,811
Beef and veal	'000 cwt.	966	1,224
Mutton and lamb	'000 cwt.	318	392
Sugar (unrefined)	'000 cwt.	3,942	4,305
Iron ore and scrap	'000 tons	384	554
Raw cotton	'000 cwt.	1,320	1,391
Sheep and lamb's wool	'000 cwt.	202	348
Flax, hemp and jute	'000 tons	11,911	23,765
Crude petroleum	'000 galls.	45,127	26,991
Hides, wet and dry	'000 cwt.	174	145
Wood pulp	'000 tons	201	207
Rubber	'000 cwt.	71	2
Unwrought copper	tons	27,405	26,452
Pig lead	tons	13,830	25,431
Tin: Ore and concentrates	tons	3,553	3,688
Blocks, ingots, slabs and bars	tons	999	243
Iron and steel manufactures	'000 tons	100	101
Machinery	tons	7,196	10,307

There was a marked expansion in crude petroleum imports, while the increase in the import of iron and steel and machinery reveals the high level of activity in the metal-using industries. The volume of exports, too, was generally higher, with textiles an important exception. As with imports, the improvement was pronounced in the case of iron and steel and machinery. The recovery of coal exports, after a year of stagnation, is gratifying, though the renewed decline in the volume of orders in recent weeks is less encouraging.

BRITISH EXPORTS
Month of October

Item and Measure	1935	1936	1937
Coal	'000 tons	3,286	3,226
Iron and steel scrap	tons	13,381	13,604
Pig iron and ferro-alloys	tons	14,715	9,844
Railway materials	tons	15,699	13,408
Total iron and steel manufactures	tons	219,447	194,360
Textile machinery	tons	6,342	4,207
Cotton yarns	tons	36,304	32,565
Total machinery	'000 lbs.	12,577	13,948
Cotton piece goods	'000 sq. yds.	161,095	177,917
Wool tops	'000 lb.	5,945	4,620
Worsted yarns	'000 lb.	2,954	2,650
Woollen tissues	'000 sq. yds.	6,271	6,209
Worsted tissues	'000 sq. yds.	3,250	2,990
Linen piece goods	'000 sq. yds.	5,675	7,097
Paper and cardboard	doz. pairs	44,564	41,577
Leather boots and shoes	doz. pairs	18,476	21,922
Leather	cwt.	345,359	397,966
Locomotives and parts	tons	1,580	892
Motor vehicles and chassis	No.	7,907	9,294

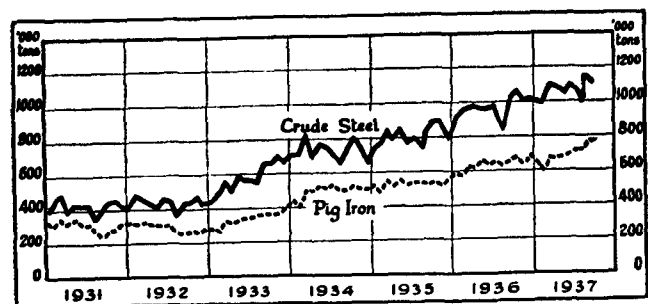
In general, current reports from industrial centres indicate that new export business is less satisfactory than in the early autumn. In the case of textiles, this unfavourable tendency is mainly a consequence of falling raw material prices. Whether or no the decline in new orders is temporary, remains to be seen. Meanwhile, most exporters still have a substantial volume of orders on their books.

Can We Pay for Higher Imports?—The rising scale of Great Britain's imports and exports (discussed in a leading article on page 348), though satisfactory as a general economic index, is causing anxiety on the score of our ability to sustain the enlarged adverse balance of trade. In the first ten months of this year the visible excess of imports over exports was £64 millions more than in the corresponding period of 1936. As the rate of increase of this debit is now some £9 millions a month, it would be unsafe to count on having to pay for less than £80 millions more in the whole of 1937 than in 1936, in the way of excess imports. Last year the total trade debit of £347 millions was financed—as to all but £17 millions—by £95 millions from shipping income, £195 millions from net earnings in overseas investments, £30 millions from net receipts in the short-term finance market, and £10 millions from miscellaneous invisible income.

The two latter items in the balance of payments are fairly stable, and are unlikely to yield very much more in 1937. Income from shipping and overseas investments, however, will show a considerable improvement. Tramp shipping freights are well over half as high again as in 1936, and although liner receipts move more slowly it is reasonable to expect gross national shipping earnings to advance by, say, 30 per cent. of last year's figure. Income from overseas investments is less flexible, owing to the high proportion of fixed-interest securities in the total, but an improvement of £20 millions in the total is not unlikely. The supplement on British Capital Abroad, on page 359, draws attention to the vital part played by this form of national income in the whole economy of the country. In sum, we can see our way clear to covering at least £50 millions of the extra visible balance. That still leaves room for questioning, but not, as yet, for apprehension.

Steel Production Lower.—In contrast to the movement a year ago, the output of steel ingots and castings declined between September and October. Pig

iron production, on the other hand, reached a post-war record last month.



Imports of iron and steel materials in October, though slightly lower than in September, were more than double those of a year ago, and again exceeded British exports in volume. Exports showed some improvement during the past month, but remained below the level recorded earlier this year.

(In thousands of tons)

Period	Production		Foreign Trade	
	Pig Iron	Steel Ingots and Castings	Total Imports	British Exports
1913—Monthly Average	855.0	638.8	185.9	414.1
1929 " "	632.4	903.0	235.2	364.9
1932 " "	297.8	438.5	132.7	157.4
1936 " "	640.5	974.8	123.6	183.8
1936—September	650.8	1,027.0	165.0	183.0
" October	670.3	1,080.5	101.0	194.4
" November	643.1	1,001.3	90.7	193.3
" December	671.4	1,019.2	94.8	204.8
1937—January	650.7	998.9	83.1	215.0
" February	608.7	995.9	82.9	200.5
" March	680.3	1,109.5	94.3	231.6
" April	690.7	1,080.4	88.5	239.5
" May	696.3	1,047.3	98.1	228.3
" June	699.3	1,106.4	174.8	235.4
" July	729.3	1,059.2	202.3	232.2
" August	714.0	987.7	213.4	201.4
" September	728.7	1,163.0	226.2	193.6
" October	789.6	1,133.6	220.5	206.9

British consumption of iron and steel remains at a high level and pressure for delivery is as strong as ever. But the stringency of supplies, though still noticeable in the case of semi-manufactured materials, is now less acute.

Heavy Industries Still Active.—This week's batch of industrial news reveals some striking contrasts. On the one hand, the decision of the British Iron and Steel Federation to maintain current quotations throughout 1938 has called forth a large volume of inquiry, and a certain amount of new business has been transacted for forward delivery. Most steel works, however, still have plenty of orders on hand and are not anxious to accept further business at this stage. Meanwhile, the pressure for deliveries remains strong. Home demand for coal has tended to increase with the persistence of the cold spell, but export business has so far failed to improve. The position of the majority of textile trades, unfortunately, is steadily deteriorating. Sales of cotton goods remained below current output, and as order lists are running down it is becoming increasingly difficult to maintain profit margins. The Board of Trade index of industrial production showed a decline of 3.1 per cent. between the second and third quarters of this year, from 135.4 (1930 = 100) to 131.2. This decline, though mainly seasonal, was slightly more marked than a year ago. Compared with the third quarter of 1936, the index shows a rise of 7.1 per cent. All the group indices, with the exception of that relating to building materials, are higher on the year.

Further Decline in Prices.—Wholesale prices continue to fall both here and in the United States. The *Economist's* complete index number for Great Britain

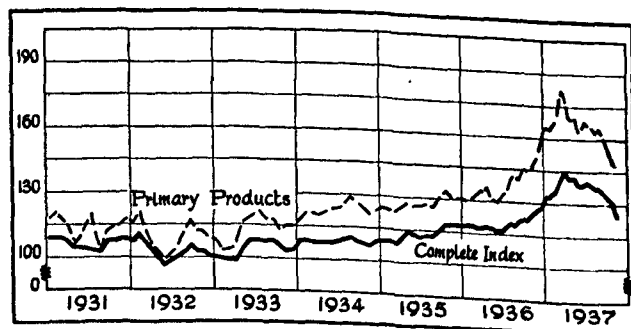
is 1.7 per cent. lower than a fortnight ago, and is now little higher than it was in November, 1936. The primary products index has fallen by 3.5 per cent. during the past fortnight and is now below its level of a year ago. The past fortnight's decline is equally marked in the United States, where *The Economist's* primary products index has fallen by 3.8 per cent. and the complete Irving Fisher index number by 0.9 per cent. French and Italian wholesale prices are slightly higher than a fortnight ago, but the German wholesale price index number has fallen by 0.4 per cent.:

SEPTEMBER 18, 1931 = 100

Date	The Economist Indices		Price of Gold (sterling)	U.S.A. Irving Fisher	France, Statistique Générale	Italy, Milan Chamber of Commerce	Germany, Statistisches Reichsanstalt
	British Complete Index (sterling)	Primary Products (sterling)					
1932 July 27th	99.5	103.5	84.1	136.9	88.3	91.3	88.1
1933 July 26th	108.1	120.6	124.7	145.7	100.9	99.7	96.8
1934 July 18th	109.5	124.8	136.7	162.4	113.2	81.4	83.2
1935 July 31st	112.7	126.7	146.2	165.6	120.2	75.9	96.2
1936 July 22nd	118.7	140.4	157.2	163.4	120.6	86.6	111.4
Aug. 19th	119.4	141.9	163.2	162.7	121.9	88.8	111.4
Sept. 30th	121.8	144.5	159.6	165.0	121.8	96.4	112.5
Oct. 28th	123.6	145.7	161.1	167.1	122.5	102.1	112.8
Nov. 25th	126.3	150.9	172.0	167.2	124.8	106.9	112.8
Dec. 30th 1937	131.3	163.9	187.3	166.7	128.8	113.0	112.8
Jan. 27th	134.2	164.2	184.5	167.0	131.0	115.9	115.9
Feb. 24th	136.3	168.2	185.5	167.4	131.9	116.8	116.8
Mar. 31st	144.8	181.9	199.7	167.4	137.3	121.8	121.8
Apr. 28th	142.0	189.9	183.5	165.4	135.6	120.5	120.5
May 19th	142.4	188.7	184.4	165.3	135.6	120.2	121.3
June 2nd	142.7	170.2	178.9	165.6	134.3	119.8	133.2
June 16th	139.4	163.6	173.5	165.3	133.3	119.8	133.8
June 30th	139.5	165.9	176.8	165.7	134.1	119.8	134.2
July 14th	140.7	168.5	180.4	165.0	134.1	119.8	134.2
July 28th	140.2	167.1	171.8	164.5	133.3	119.8	134.2
Aug. 11th	139.3	166.8	171.1	164.2	133.3	119.8	134.2
Aug. 25th	137.9	164.4	165.3	164.2	133.0	119.8	134.2
Sept. 8th	137.4	165.1	166.9	165.3	132.2	119.8	134.2
Sept. 22nd	136.0	164.0	166.3	165.1	133.7	119.8	134.2
Oct. 6th	135.1	159.7	153.7	165.5	130.2	119.8	134.2
Oct. 20th	133.6	156.2	152.3	165.4	129.5	119.8	134.2
Nov. 3rd	131.9	152.7	147.2	165.5	127.4	119.8	134.2
Nov. 17th	129.7	147.3	141.6	164.5	126.2	119.8	134.2

* These figures relate to November 10th.
† Monthly averages.

We publish below a chart showing movements in British wholesale prices since the depreciation of the pound in the autumn of 1931:—



Details of group movements in the complete *Economist* index number in the three most recent fortnights, with the figures for September, 1931, are given below:—

The Economist INDEX (1927 = 100)

	Sept. 18, 1931	Oct. 20, 1931	Nov. 3, 1931	Nov. 17, 1931
Cereals and meat	64.5	91.0	90.6	89.8
Other foods	62.2	67.4	67.5	65.5
Textiles	43.7	63.6	62.0	60.6
Minerals	67.4	98.9	97.5	96.4
Miscellaneous	65.8	83.2	81.7	80.6
Complete index	60.4	80.7	79.7	74.4
1913 = 100	83.1	111.0	109.6	107.8
1924 = 100	52.2	69.7	68.8	67.7

The past fortnight's fall, though general, was most marked in "other foods" and textiles.

BRITISH CAPITAL ABROAD

A man who has invested, outside his own household and his own stock and tools of trade, a sum roughly equal to his annual income is not a bloated capitalist, but a typical "small saver." A nation of which the like may be said, as it may of Great Britain, is a dominant creditor country. Great Britain, indeed, with her £4,000 millions odd of overseas investment, is still the greatest creditor country in the world. In round figures, something like one-twentieth of the national income of Great Britain is derived from the interest and dividends on her investments abroad. This "unearned income" is clear gain to the national economy. It is to be compared, not with the gross turnover of home industries, but with the net increment of value that they add to the cost of their raw materials, fuel and capital depreciation. Foreign investment as a whole is the nation's greatest single industry. What is the character of this vast national asset, and how has it been built up? How does it fit into the general national economy? What is its future, and what should be public policy towards it? These are some of the questions that the following survey sets out to answer.

The statistics relating to British overseas investment are incomplete, intermittent and, in many respects, unsatisfactory. Apart from the Inland Revenue returns, which show a certain portion of investment income from abroad, official statistics are almost totally lacking. A great debt is owed by economic students and the general public to those who have recently devoted their time and resources to this field of research, particularly to Sir Robert Kindersley and Professor L. H. Jenks, whose work has been freely used in the writing of this Survey. Some of the technical difficulties in the way of compiling statistics on overseas investment are indicated in the tables, given in the course of this Survey. Here an emphatic warning must be laid against uncritical comparisons between sets of figures compiled by different hands for different purposes and on different statistical bases.

Table I, for instance, which contains estimates of the amount of British capital abroad at different dates, must be used with the greatest caution as any but the roughest guide to the growth of our overseas investments, since the scope of the various estimates differs widely.

The chief categories of overseas investments are:—

Stocks, shares, bonds, etc., issued in the London market.

Stocks, etc., purchased from holders overseas.

Assets acquired abroad by British companies.

Assets acquired abroad by private persons or concerns, etc.

It is almost impossible to obtain statistics of "direct investment"—that is to say, investment which takes place without the mediation of a security issue, e.g. by way of the private purchase of plantations, or the overseas assets of trading, insurance or other companies operating both at home and abroad. It is generally allowed that such direct investment overseas totals at least £500 millions. Allowing for this, the total of British capital abroad may now be as high as ever it was.

RECENT CHANGES

Before dealing with the economic and policy problems involved, we may briefly survey the trend of recent changes in the amount and character of our overseas investments.

Even before the slump of 1930-33, the rate of re-accumulation of capital, to replace the £1,000 millions odd lost or sold during the war, was clearly much lower than the rate at which the total had advanced before 1914.

Geographical Distribution

Moreover, the geographical distribution of the capital, as the figures in Table II show, was also changing before the Great Depression.

In the first half of the nineteenth century, something

like one-fifth of the British investment abroad *via* the London Stock Exchange went into the United States, and this proportion was maintained right up to the war. Then vast numbers of American securities were sold off, and the United States became a creditor country. By 1929 the proportion of our total investment in the United States (not counting direct purchases through Wall Street) had fallen to less than 3 per cent.

There were equally striking changes in other geographical groups. The earliest available estimate shows a very high proportion of investment in Continental Europe, but by the outbreak of war Europe's share in the total had fallen below 6 per cent. Post-war reconstruction revived interest in the Continent as an area for long-term investment; recent experience, however, would seem to have destroyed that interest once more.

Latin America has been a great field for British investment from the early nineteenth century to the nineteen-thirties, in spite of the post-war competition of the United States as an international lender. Whether it will continue to be so is an open question.

But the most striking fact of all is the growth of Britain's investment in her overseas Empire. There has been a substantial total of "direct investment" in India and the Colonies ever since the Empire came into existence. But it was the railway and steamship age that drew forth the great flood of investment through Stock Exchange channels. Nash, in his incomplete tabulation for 1880, showed, of a total of £1,150 millions, less than 20 per cent. invested in the Empire. Dr Feis's revision of Sir George Paish's figures for 1913 gave a ratio of 47.3 per cent., out of a total of £3,763 millions. *The Economist* estimated the Empire proportion at 56.6 per cent. in 1929, and the proportion has since been steadily rising, though no exact estimate has been made for later years.

Growth of Overseas Investment

While the pre-war statistics are difficult to compare with one another, they suggest at least that the average rate of investment abroad rose as the wealth of the nation and of the world expanded. This is borne out by the figures of new issues shown in Table IV. They show that overseas investment fluctuated with periods of boom and depression, but on the whole increased generation after generation. The liquidation of the Baring crisis was followed by an enormously increased flow. The war greatly depleted the fund of capital available year by year, and at the same time diminished the opportunities for attractive investment abroad. Then came the period of world depression, when there were no creditworthy borrowers, even if there were the funds to lend. The movement of capital overseas became so feeble that it was more than offset by the return of old capital redeemed or re-sold. Great Britain became, for the moment, a borrowing country at long-term as well as at short-term.

Wastage of Capital

This question of the return of old invested capital is vital to any true estimation of the position in respect of British capital abroad. Losses, re-sales to citizens of other countries, and bond redemptions and repayments together make up what we may call the wastage of capital abroad. A rough idea of its magnitude may be obtained by comparing the gross total of new issues for overseas with the apparent rise in the nominal value of British capital abroad. Thus, from 1885 to 1908, Hobson's figures of new issues total £1,495 millions. The same investigator shows a net increase of only £1,037 millions in total capital abroad between his estimates for 1885 and 1909. This indicates an annual wastage of approximately £20 millions. The more accurate investigations made in recent years suggest that this would probably be lower than the true figure.* Sir Robert Kindersley has shown (see Table V) that in the five years 1930 to 1934 redemptions and repayments alone averaged £44.5 millions per annum. New issues in the

long-term assets abroad, however, was partly if not wholly offset by additions through other channels than new issues, notably by purchases of American securities.

Experience since 1934 can hardly be regarded as normal. As a rough average over a long period of years it seems reasonable to suggest a rate of 1½ per cent. per annum for redemptions and repayments, and an extra ½ per cent. for defaults and other capital losses, making a total wastage rate of about 2 per cent. The rate of loss may seem expensive, but it is doubtful whether a much better experience could be shown to apply to capital invested at home if we exclude British Government securities, on which the rate of return is scarcely comparable. The figures do suggest, however, that the nation must invest or re-invest at least £50 millions to £60 millions a year in overseas securities (not counting direct investment) merely in order to keep its capital abroad intact. The suggested figure is, of course, gross, and the bulk of it is required to offset redemptions and repayments which supply their own capital fund for re-investment.

I.—THE EXPANSION OF BRITISH CAPITAL ABROAD

Date	Estimates	Source	Scope and Qualifications
1854	195-230	Jenks (a)	Does not include "direct investment" or investment in the British Empire.
1880	1,150	Nash (b)	Omits commercial investment (chiefly mines) other than railways.
1885	1,302	Hobson (c)	Obtained by capitalisation of Inland Revenue figures of investment income.
1895	1,600		
1905	2,025		
1907	2,694		
1909	2,339	Paish (d)	Stock Exchange securities only.
1913	3,763	Hobson	See above.
1929	3,391	Feis (e)	Publicly issued capital only.
		<i>Economist</i> (f)	Stock Exchange securities and other securities of British companies only. Omits estimate of £50 million for nominee holdings.
1929	3,438	Kindersley (g)	Stock Exchange securities and other securities of British companies only.
1930	3,424		
1931	3,410		
1932	3,356		
1933	3,385		
1934	3,414		

(a) L. H. Jenks, "The Migration of British Capital."

(b) "A Short Enquiry into the Profitable Nature of Our Investments," quoted and amended by Jenks, *op. cit.*

(c) C. K. Hobson, "The Export of Capital"; based on Hirst's 1912 edition of Porter's "Progress of the Nation."

(d) Sir George Paish, Journal of the Royal Statistical Society, 1909.

(e) Herbert Feis, "Europe, the World's Banker"; based on estimate by Sir George Paish in *The Statist*, February 14, 1914.

(f) October 18, 1930.

(g) Sir Robert Kindersley, in *The Economic Journal*, December, 1936, and earlier issues. The full scope and qualifications of Sir Robert Kindersley's estimates are clearly laid down in his articles.

same period exceeded them by only £43 millions. As the estimates of total capital at the end of those years showed a reduction of £24 millions, the wastage through net re-sales, defaults and bankruptcies appears to have averaged roughly £13 millions per annum—a remarkably small figure in a period of extreme depression.†

After 1934, the rate of return of capital was accelerated. The strength of the gilt-edged market, and the accumulation of sterling reserves by Dominion central banks and Governments, caused the latter in particular to press forward with refunding operations that would normally have been spread over a long period. Sir Robert Kindersley estimates total repayments and redemptions in 1935 at £81 millions and in 1936 at £107 millions.‡ New issues for overseas in those two years appear to have fallen short of the opposite movement by no less than £76 millions. This depletion of British

* Whenever Hobson's figures for new issues can be checked against those of other investigators they appear to be on the low side. They must be increased, moreover, by additions of capital made otherwise than through the new issue market.

† It must be remembered that, since the capital estimates are based on nominal values, a defaulted security disappears from the total only when the default is complete and final, and commercial capital does not disappear until the concern is liquidated. Hence the true ultimate rate of loss would presumably be rather higher.

‡ Address to the East Midland Regional Savings Conference, October 22, 1937, quoted in *The Economist* of October 30, 1937.

II.—GEOGRAPHICAL DISTRIBUTION OF BRITISH CAPITAL ABROAD

(For notes, see Table I)

A.—Jenks's Estimate for 1854 :—

	£ millions
United States	50-60
French, Belgian, Dutch and Russian Government securities	45-55
Spain and Portugal	35-45
Latin America	35-40
French railways	25-30
Belgian railways	5
Total	195-230

B.—Nash's Estimate for 1880 :—

	£ millions
Foreign Government loans and guarantees	500
Railways in Europe, United States and South America	240
United States Debt	200
Indian railways	90
Indian debt	70
Colonial Government loans	50
Total	1,150

ANNUAL INCOME

If our experience with regard to capital losses is not unfavourable, what of our experience with regard to income? Here we are faced with many statistical difficulties. Capital goes out for the most part in large traceable sums; income returns in the shape of many thousands of small payments to individual investors, and a good deal of it escapes the statistical net. But not much income escapes the fiscal net, and, in so far as the Inland Revenue can distinguish overseas from home sources of investment income,* its returns are the foundation of our knowledge in this field for the earlier periods.†

A warning should be entered here against comparing the earlier income estimates with the estimates of total capital abroad in the same years in order to discover the average rate of return. The scope of certain of the capital estimates is entirely different from that of the income estimates. Some of the capital estimates, on the other hand (notably Mr Hobson's), were arrived at by capitalising the income estimates at so many years' purchase; and comparisons based upon these would

* See footnote to Table III.

† They are the basis of Mr C. K. Hobson's estimates for the period from 1870 to 1912. But they are necessarily incomplete, and Mr Hobson's method was to add for each year an estimated fraction representing unidentified income from abroad.

merely reproduce the original estimator's conception of what the average rate of return probably was.

The income estimates given in Table III show a national total from investments abroad fluctuating about a flat level from 1870 to 1880, rising steeply in the 'eighties and then stagnating again, and finally almost doubling between the end of the century and the outbreak of war. By that time the Inland Revenue figure had reached £180 millions per annum. The actual total of income from all forms of investment abroad was certainly much higher. It may be noted, nevertheless, that £180 millions represents only 4.8 per cent. of £3,763 millions, which was Dr Feis's estimate for the total of British investment abroad in 1913 in the form of publicly issued capital only.

The first Inland Revenue return for the post-war period shows a figure of £209 millions for 1920-21. The reason for this rise compared with the pre-war period, in spite of the loss of investments during the war, was the phenomenal prosperity of certain overseas commer-

of certain foreign and Dominion enterprises in 1929-30 resulted in a record total for that year, but the income from British concerns operating abroad never regained its level of 1925—a boom year for rubber and for not a few other commodities. The average total of overseas investment income recorded by the Inland Revenue for the whole pre-slump decade was over £200 millions a year. Although enough has been said to discourage any precise comparisons, it certainly seems as if Britain's foreign investments, though seriously depleted by war-time sales and losses, were a more profitable asset, on the whole, after the war than before it.

Average Return

It is only for recent years that estimates exist of capital abroad, and of income from it, which are so framed that they may be brought into relation to each other in order to arrive at the average rate of return on the nominal capital. *The Economist** for 1928, and

II.—GEOGRAPHICAL DISTRIBUTION (cont.)
C.—Paish's estimate for 1913 (modified by Feis), and estimates of *Economist* (C.—commercial capital) and Kindersley (G.—Government and Corporation loans) for 1928.

	1913	1928		
		C.	G.	Total
Canada and Newfoundland	515	410	102	512
Australia and New Zealand	416	51	521	572
India and Ceylon	379	135	219(a)	354(b)
South Africa	370	83	203(c)	480(d)
Other British countries	100	194		
Total, British Empire	1,780	873	1,045(e)	1,918(f)
United States	755	77		
Argentina	320	292		
Other Latin America	437	321		
Russia	110	269	113	382
Rest of Europe	108			
Other foreign countries	253	159	93(e)	252(f)
Total, Foreign	1,983	1,118	355(e)	1,473(f)
Total, World	3,763	1,991	1,400	3,391

(a) Excluding Ceylon. (b) Excluding Ceylon Government and Corporation loans.
(c) Including Egypt. (d) Including Egyptian Government and Corporation loans.
(e) Not Egypt. (f) Not Egyptian Government and Corporation loans.

cial and industrial interests in the post-war boom. The figure for Group II in the returns (which refers mainly to income from businesses controlled in the United Kingdom but mainly carried on abroad) was £91 millions in 1913-14. In 1920-21 it was £124 millions, but by the following year it had dropped calamitously to £70 millions. In 1921-22, indeed, the figure for total income, recorded by the Inland Revenue, had fallen by more than a quarter, to £150 millions. It must be noted, however, that the income recorded in Group I (interest and dividends paid, or coupons encashed, through paying agents, etc., in the United Kingdom) was sustained remarkably well through and immediately after the war. (This, incidentally, was the only group recorded from 1915 to 1920). Most of the assets requisitioned in order to provide dollar exchange fell in this group, which also suffered through the obliteration of much investment in Central and Eastern Europe and in Russia. Yet from 1914-15 to 1918-19 the recorded income fell only from £91.8 millions to £84.0 millions. After rising just after the war, it fell again to £80.1 millions in 1921-22. Thereafter it rapidly recovered, and two years later had almost been restored to the maximum pre-war level. New investments had, of course, been made by that time, and, by virtue of the general rise in the rate of interest, every conversion increased the average return on the outstanding capital.

After 1923-24 the income in both groups rose steadily until 1926-27, when it exceeded by over £50 millions the highest pre-war total. The abnormally high profits

III.—INCOME FROM BRITISH INVESTMENT ABROAD (£ millions)

Years	Sources		
Annual Averages	Hobson (a)	Inland Revenue (b)	Kindersley
1870-74	48.0		
1875-79	47.6		
1880-84	53.1		
1885-89	76.6		
1890-94	90.3		
1895-99	94.7		
1900-04	104.7		
1905-09	138.2		
1910	166.0		
1911	171.0	156.3	
1912	176.0	166.6	
1913		180.0	
1914		176.2	
1915-19			
1920-24		179.7	
1925-29		230.6	
1929		238.7	230.9
1930		208.2	209.0
1931		173.5	168.7
1932		165.1	156.4
1933		164.6	149.7
1934		168.8	159.2
1935			167.9

(a) Based on Inland Revenue returns. (b) For scope, see note below. Fiscal years.
Note.—The Inland Revenue Commissioners now divide "income arising abroad to British residents" into three groups: I. Dominion and foreign interest and dividends paid through paying agents in this country or received by the encashment of coupons through bankers, coupon dealers, etc., in this country. II. Income arising from business controlled in this country but mainly carried on abroad and with assets situated abroad, interest and dividends payable abroad (not included in Group I) and income from other foreign possessions. III. Income arising from trading operations carried on abroad by British concerns trading mainly at home but partly abroad. Group I is identifiable. Group II is in part identifiable, and certain data exist on which an estimate of the aggregate amount can be made. Group III cannot be identified.

Sir Robert Kindersley for 1929 and later years, estimated income independently of the capital estimates, but within the same classification and scope. *The Economist* estimated that the share capital of British companies operating abroad returned an average dividend of 6.83 per cent. on the nominal amount, and their loan capital an income of 4.67 per cent. The amounts of British capital to which these percentages applied were £746 millions and £308 millions respectively. The corresponding percentages (applicable to some £423 millions of share capital and £529 millions of loan capital) for corporations registered abroad were estimated at 7.9 per cent. and 4.4 per cent. Sir Robert Kindersley for the same year arrived at a total of £61.9 millions for the interest paid on £1,400 millions (nominal value) of Empire and foreign Government and local authority bonds—an average return of 4.4 per cent. For all classes of capital covered by the two inquiries (that is to say, excluding "direct" investments and securities not officially known to the London Stock Exchange), the average rate of return worked out at 5.4 per cent. on a nominal capital of approximately £3,400 millions.

From 1929 onwards, Sir Robert Kindersley's estimates are available. They are shown in the table at the top of the next page.

The outstanding impression gained from these figures is the wide variation in the average return from year to year, in accordance with the phases of the trade

* Issues of November 1 and November 15, 1930.

INCOME FROM BRITISH CAPITAL ABROAD

(Amounts in £ millions)

Year	Share Capital	Average Dividends	Loan Capital	Average Interest	Total Capital	Average Return
1929	1,238	8.9	2,200	4.6	3,438	6.2
1930	1,206	7.5	2,218	5.3	3,424	6.1
1931	1,188	4.7	2,222	5.1	3,410	4.9
1932	1,160	4.2	2,196	4.8	3,356	4.6
1933	1,169	4.3	2,217	4.5	3,386	4.4
1934	1,192	4.9	2,222	4.6	3,414	4.7

cycle. Although "fixed" interest-bearing securities form roughly two-thirds of the total, the average ratio of all income to all nominal capital fell by roughly 30 per cent. of its peak amount in the course of five years.

This suggests that there is no such thing as a "normal" rate of return, applicable over long periods, on British capital abroad. No statistical inquiry can hope to do more than establish limits within which the

A word must be said about the relation of this calculation of average return to the investor's risk of disappointment or loss. The calculation represents the actual, not the nominal, return; therefore the risk of a short-fall of income on the individual investment, compared with undertaking or expectation, has already been discounted. This consideration, however, does not apply to permanent defaults, bankruptcies or capital reconstructions; for they remove the items concerned from the sum of nominal capital to which the income received is related, and thus the apparent average rate of return is correspondingly raised. In other words, the margins of 5 to 7 per cent. must bear the insurance against total failure but not against partial disappointment. It has been suggested above that a figure of $\frac{1}{2}$ per cent. per annum would cover the risk of total loss.

BALANCE OF PAYMENTS

One result of *The Economist's* inquiry, and later of Sir Robert Kindersley's, was to cause a revision of the

IV.—NEW ISSUES FOR OVERSEAS

(In £ millions)

Years	Sources					Years	Sources		
Annual Averages	Jenks(a)	Giffen(b)	Hobson(c)	Brown(d)	<i>The Economist</i> (e)	Annual Averages	<i>The Economist</i> (e)	Midland Bank	
1860-64...	29.8	...	...	...	...	1915.....	64.2	...	
1865-69...	38.8	...	...	...	...	1915-19	...	...	
1870-74...	62.1	...	73.1	78.1	...	1919.....	...	49.9	
1875	44.0	...	35.2	40.6	...	1920-24	108.9	106.2	
1876	17.5	25.6	26.3	23.1	...	1925-29	103.9	115.3	
1877	...	20.5	13.7	24.6	...	1930-34	47.3	53.1	
1878	...	26.7	25.0	32.1	...	1935.....	30.5	20.9	
1879	...	27.1	27.0	28.0	...	1936.....	45.5	26.4	
1875-79...	...	...	25.5	29.8	...	1937.....	...	...	
1880-84...	...	55.2	50.6	71.1	...				
1885-89...	...	...	77.2	95.8	...				
1890-94...	...	...	51.8	79.9	...				
1895-99...	...	...	45.7	71.9	...				
1900-04...	...	...	48.0	51.6	...				
1905-09...	...	...	106.1	102.0	...				
1907	Paish(f)	79.3	75.3	...	...				
1908	89.4	117.9	122.2	132.2	...				
1909	145.9	150.5	150.1	163.7	...				
1910	182.4	179.8	179.7	207.1	...				
1911	189.1	142.7	148.6	165.6	...				
1912	164.0	144.6	137.3	165.5	...				
1913	160.0	149.7	169.1	160.6	...				
1914	196.7	...	150.1	148.1	...				
1910-14...	...	...	156.8	169.4	...				

(a) Subject to considerable margin of error.
(b) Two papers read to the Royal Statistical Society in 1882. Probably the most reliable figures for the period.
(c) Source: Investor's Monthly Manual, which is subject to omissions. Hobson assumes that half the amounts "subscribed partly on the Continent" were actually subscribed in the U.K.
(d) See Table VI. Includes for earlier years some Continental subscriptions.
(e) Tendency towards under-estimate through omissions has been exaggerated in recent years, through prevalence of "Stock Exchange Introductions." Figures for 1935 and 1936 on new basis include issues so made.
(f) Paper to the Manchester Statistical Society in 1913.

rate has probably varied. The portions of total capital abroad which were excluded from *The Economist* and Kindersley inquiries may be assumed to yield a higher average rate of return than the included portions, since they represent investments made directly by commercial concerns and other interests which are in a position to take advantage of special opportunities. *The Economist*, in its estimates for 1928, adopted a hypothetical rate of return of 10 per cent. for the excluded portion, which it placed at the round figure of £700 millions. The final result was to show a total income of £254 millions on a nominal capital of £4,100 millions—an average rate of return of 6.2 per cent. Taking into consideration all the evidence, including that for earlier years, we seem entitled to conclude that the average rate of income returned on British capital abroad has probably varied between 5 and 7 per cent. of its nominal amount. The variations have followed both the short-term curve of the trade cycle and the long-term curve of the changing rate of interest expected on invested capital, and there may have been minor excursions beyond those limits for brief periods.

estimates of income from British capital abroad which had appeared in the Board of Trade's annual recapitulation of the national balance of payments. The official estimate of £285 millions for the net income in 1929 (that is to say, after allowing for the outflow of income on British capital owned by citizens of other countries) was thus reduced to £250 millions. It should be noted, however, that for the purposes of the balance of payments the gross income from abroad includes not only income actually distributed, but also sums remitted home by British companies, as additions to their reserves, directors' and management fees, etc. The downward adjustment of the official estimates for the years up to 1929 showed that the financial position of this country in relation to the rest of the world was appreciably less strong than had been supposed, a fact that was borne out by the investigations of the Macmillan Committee in 1931.

The exchange difficulties that came to a head in that year brought home to a wide public the need for more complete and accurate estimates of the national balance of payments. Unfortunately a great deal remains to be

V.—REPAYMENTS AND REDEMPTIONS

Source: Sir Robert Kindersley in *The Economic Journal*. (£ millions)

1926	27.0	1930	38.9	1935	81
1927	34.0	1931	26.8	1936	107
1928	15.6*	1932	48.0		
1929	48.5	1933	66.8	1935-36	138
1926-29	125.1*	1934	42.0		
		1930-34	222.5	Annual Average, 1926-36	52†

* For 1928, Dominion and Foreign Government and Corporation loans only.
† Excluding 1928.

VI.—MEDIA OF BRITISH INVESTMENT ABROAD
1870-1914
(£ millions)

Period	Official & semi-official agencies	Private banks	Joint stock banks	Overseas banks & agencies	Companies via their bankers	Other media*	Total
1870-74	7.1	207.4	17.0	37.5	70.9	50.7	390.6
1875-79	21.6	54.4	1.2	36.9	19.4	15.7	149.2
1880-84	23.8	136.8	11.9	50.0	94.8	38.0	355.3
1885-89	47.2	210.3	25.5	35.4	125.0	35.8	479.2
1890-94	36.5	162.2	31.3	30.8	68.7	20.1	349.6
1895-99	30.1	90.9	40.0	73.2	61.1	34.3	359.6
1900-04	71.0	49.4	46.0	37.1	43.1	11.6	258.2
1905-09	52.4	166.7	62.0	114.4	95.3	19.1	509.9
1910-14	64.9	275.8	135.9	147.2	137.3	22.9	783.8
Totals	355	1,354	371	562	746	248*	3,636

* Comprising: (a) Investment trusts, £23 millions. (b) Finance, land and property companies, £18 millions. (c) Special purpose syndicates, £41 millions. (d) Issue houses with stock exchange connections, £22 millions. (e) Companies as their own issuers, £13 millions, and (f) miscellaneous issuers, £131 millions.
Source.—Report prepared for the United States National Research Bureau by Professor W. A. Brown, of Brown University, Providence, R.I.

done in this field, especially in relation to the item "other services"—which includes tourist transactions outward and inward, film and other royalties, sales of old ships, and other miscellanea—and to the whole series of short-term capital items. Some of the gaps have been filled as a result of recent investigations by a study group of the Royal Institute of International Affairs. The study group's figures, and the revised figures of the Board of Trade for earlier years, are reproduced in Table VII.

The importance of overseas investment in Britain's balance of payments needs no emphasis. Income from capital abroad is a vital contributor to our national standard of life. Our industrial structure, which draws its fuel and materials from all over the world, and our consumers' standard, which depends upon cheap and abundant supplies of imported commodities, are alike built upon the fact that the nation can import a vast quantity of raw materials, foodstuffs and manufactures which do not have to be paid for by means of current exports. The toll which our previous investment enables us to levy on the rest of the world will play an increasingly important part in the national economy if the numbers of the population fall considerably after the present decade. The position will then resemble that of

services of all kinds, a large part of the national income represents the taking in of each other's washing, whereas the income from overseas is tangible and net. A truer picture is given by the statement that something like one-quarter of our total imports are delivered to us, gratis, by foreign and Empire countries as a tribute upon the capital that we have lent them.

Is Britain Living on Capital?

Since the readjustment of our external accounts after 1930 as a result of the fall in prices, the protective tariff, the defaults of borrowers and other changes, Great Britain has paid for her excess of imports over exports almost exactly with the sum of her investment income, the net earnings of her mercantile marine, and her income from the short-term money market. From 1932 to 1936 the merchandise deficit totalled £1,452 millions, while the surplus on the three other items totalled £1,385 millions. Allowing for other credits and debits, transactions on current account almost precisely balanced, and there was no credit left over for transfer to capital account, whereas in the eight years ended 1929 the net credit thus transferred had averaged £87 millions per

VII.—BALANCE OF INTERNATIONAL PAYMENTS OF THE UNITED KINGDOM
(£ millions)

	1913	1920	Average 1922-28	1929	1930	1931	1932	1933	1934	1935	1936
CURRENT ACCOUNT:—											
Merchandise	- 132	- 380	- 331	- 381	- 386	- 408	- 287	- 263	- 294	- 261	- 347
Government transactions	- 12	- 7	- 7	- 24	- 19	- 14	- 24	- 2	- 7	- 2	- 2
Shipping services	+ 94	+ 340	+ 128	+ 130	+ 105	+ 80	+ 70	+ 65	+ 70	+ 75	+ 95
Income from overseas investments	+ 210	+ 200	+ 228	+ 250	+ 220	+ 170	+ 150	+ 160	+ 175	+ 185	+ 195
Interest on short-term investments, commissions, etc.	+ 25	+ 40	+ 53	+ 65	+ 55	+ 30	+ 25	+ 30	+ 30	+ 30	+ 30
Other services	+ 10	+ 15	+ 14	+ 15	+ 15	+ 10	+ 15	+ 10	+ 10	+ 10	+ 10
Balance	+ 195	+ 208	+ 85	+ 103	+ 28	- 104	- 51	0	- 2	+ 37	- 19
CAPITAL ACCOUNT:—											
New issues for overseas borrowers	- 198	- 60	- 127	- 96	- 98	- 41	- 37	- 83	- 63	- 51	- 61
Capital repayments	?	?	?	+ 49	+ 39	+ 27	+ 48	+ 67	+ 42	+ 81	+ 107
Changes in other long-term investments abroad	?	?	?	- 52	- 16	- 200	+ 67	+ 133	+ 15	+ 25	?
Changes in London's short-term liabilities to foreigners ..	?	?	?	+ 25	+ 15	+ 35	?	?	?	?	?
Changes in the amount of acceptances held in the U.K. for account of foreigners	?	?	?	...	...	+ 74	- 123	...	...	...	...
Bank and Treasury advances, 1931	- 198	- 60	- 127	- 74	- 60	- 95	- 40	+ 122	- 26	+ 45	+ 46
Balance of "known" capital items	- 14	+ 44	+ 2	+ 15	- 5	+ 35	+ 14	- 195	- 134	- 71	- 228
Movements of gold coin and bullion	...	...	...	...	...	...	...	+ 65	+ 79	+ 35	?
Estimated hoarding of gold in London for account of foreigners ..	- 14	+ 44	+ 2	+ 15	- 5	+ 35	- 11	- 130	- 55	- 36	- 228
Apparent sales of sterling for gold	- 212	- 16	- 125	- 59	- 65	- 60	- 51	+ 8	- 81	+ 9	- 182
Balance of gold and capital items	+ 17	- 192	+ 40	+ 44	+ 37	+ 164	+ 102	+ 8	+ 83	+ 46	+ 201
Errors and omissions	- 195	- 208	- 85	- 103	- 28	+ 104	+ 51	0	+ 2	- 37	+ 19
Balance on capital account											

Source.—Board of Trade Journal; estimates for 1929 to 1935 modified and elaborated by a study group of the Royal Institute of International Affairs, in "International Investment." Estimates of new issues (1929 to 1936), capital repayment (1929 to 1936) and changes in other long-term investments abroad (1930 to 1935) are those of Sir Robert Kindersley.

a family trust whose beneficiaries are gradually declining in number. The income from the trust (assuming the capital to be kept intact) may eventually be sufficient to support all the remaining members of the family at their current standard of living without their having to add to it any earned income of their own. So—in theory—if Great Britain's capital abroad could be kept intact, one might conceive the possibility that, at some future time, the whole nation could live upon it, even though its own industry and production were at a standstill.

There is, however, another side to the picture. In the circumstances we have described, the beneficiaries of the trust would be steadily growing older, and therefore less able to supplement their investment income by their own earnings. Similarly, if the experts' promise—or threat—of our demographic future is fulfilled, a seriously rising proportion of the population will be older than the working age, and will therefore be dependent upon income from pensions or investments. Viewed nationally, therefore, our capital abroad is an invaluable standby against the time when the burden of home production will rest upon fewer and fewer shoulders.

At present, the income from that capital represents about one-twentieth of our total national income. But this is hardly a true estimation of its relative importance. Now that a high proportion of our means is spent on

annum. If we regard short-term capital movements and movements of gold as in the long run self-balancing—or else as becoming transmuted into long-term capital movements—then we may treat the credit carried down from current account as the amount available for net new investment in long-term capital overseas. Of late years, therefore, we have had nothing available for such new investment. We have, indeed, continued to subscribe to capital issues, though on an attenuated scale. But these new issues, as Sir Robert Kindersley has shown, have fallen short of the total of repayments and redemptions received over the same period.

Great Britain has, at the same time, been a repository for many millions of refugee capital from overseas countries. This capital has been roughly balanced by imports of gold. If this "hot money" were to flow out again, the balance could, of course, be restored by resales of bullion. But meanwhile interest—however low—has to be paid on any foreign capital here that has not been merely locked away in the form of cash. Moreover, some of the hot money may already have cooled sufficiently to have been invested in British gilt-edged and industrial securities. Even allowing for the concurrent British incursion into Wall Street, it seems highly doubtful whether the country's net long-term assets abroad are to-day being kept intact.

CHANNELS OF OVERSEAS INVESTMENT

The preceding discussion raises a number of highly important questions. Is the cessation of net foreign investment an ineluctable consequence of changes in other items in the balance of payments, particularly of the failure to retain our export markets? Or is it to some extent an independent factor? Was the pre-1930 surplus on current account the cause, or was it in any measure the consequence, of our lending abroad on capital account? Do exports of goods result from exports of capital? These are clearly vital issues in relation to future public policy towards overseas investment. The theoretical answers clearly depend on the general circumstances assumed to prevail. In a world of free trade and freely adjustable monetary mechanisms there can, no doubt, be smooth and automatic adjustments of trade movements to movements of capital. But we no longer live in such a world. Tariffs, quotas and rigid currency control, all make adjustments difficult and experiment dangerous.

It is not surprising, therefore, that Governments and central banking authorities have intervened in an endeavour to ensure that the adjustment is made or that transactions shall be banned for which the corresponding trade movement would be doubtful. Before considering British official policy towards overseas investment in detail, however, it may be as well to examine briefly the channels through which overseas investment has been made in the past.

Issuing Houses

Table VI classifies the various issuing institutions through which share capital and loans were floated on the London market for overseas borrowers from 1870 to 1914.* It shows that, even in the days of comparative *laissez-faire* before the war, nearly one-tenth of the total amount was issued through official or semi-official agencies. The outstanding feature of the table, however, is the dominating position, as issuing institutions, occupied by the private banks. For purposes of comparison we may exclude loans issued through official or semi-official channels, and capital floated by commercial and industrial companies either through their banks or by themselves. Of the remainder, amounting to £2,522 millions, the private banks sponsored well over one-half. The strength of this branch of the London money market has been partly the consequence, but partly also a cause, of the amount and character of British investment abroad. Although the joint-stock banks were responsible, as issuers, for no less than £157 millions of the total in the six years beginning 1909, in proportion to their size and power they have never played a large part in the foreign lending business of London.

Investment Trusts

The work of the investment trusts forms another important chapter in the story of British lending abroad. The other media of flotation listed in the table have been, with very few exceptions, only *initial* intermediaries between lender and borrower. Investment trusts, on the other hand, have been *permanent* intermediaries performing a unique function, which must be clearly differentiated from their minor rôle as issuers, upon occasion, like other financial houses. The trusts have aided overseas investment by enabling the investor of moderate means, who cannot have specialised knowledge of the various shares and bonds on offer, to invest indirectly in concerns and Governments at the opposite ends of the world.

Early statistics of the amount and character of investment trust holdings are almost totally lacking. But special investigations made by *The Economist*, with the

kind co-operation of a number of the leading trusts, lead to the conclusion that in 1890 the investment trusts together held about £50 millions of British capital abroad, which at that time amounted to about £1,500 millions. In 1933 (the basic year of the statistics compiled for *The Economist Investment Trust Supplement* of December 1, 1934) the investment trust holding appears to have been about £185 millions, out of a total of £3,385 millions invested abroad through Stock Exchange securities.

The influence of the investment trusts on the amount and character of British overseas lending is not, however, to be measured merely in terms of the total of overseas securities that they themselves have held. They have helped to give the smaller investor confidence in overseas lending. They have raised its "status," both in a psychological sense and by enlarging the market for overseas securities. For this reason great importance attaches to changes in the geographical distribution of their investments, since it not infrequently happens that "what the trusts do to-day the general investor does to-morrow." The available figures are given in Table VIII. They are, of course, samples only, since the necessary information for a number of trusts has not been made public. They are sufficient, however, to show at least the broad trends.

The first feature brought out by the figures is the fall in the holding of United States securities in the period since 1890. Part of the reason, of course, was the mobilisation of American investments during the war, but equally important was the transmutation of the United States itself from a typical borrower into a dominant lender. The tendency of the investment trusts, however, to venture into industrial equities on an increased scale has revived their concern with the American market in recent years. A smaller, but none the less noticeable, trend since 1890 has been the proportionate drop in the Latin American portfolio of the trusts. The counterpart of these movements has been a striking increase of the percentage of the trusts' funds invested both in United Kingdom and in overseas Empire securities. Making all allowances for the possibility that the sample may not be fully representative, it seems, nevertheless, safe to say that the proportion in the United Kingdom trebled, and in the overseas Empire doubled, between 1890 and 1933. The satisfactory behaviour of Dominion securities during the recent slump, the need for minimising exchange risks, and the policy of protection for home industries in Great Britain have all reinforced this tendency in the past few years.

GOVERNMENT POLICY

Apart from the indirect effect of policies like tariff protection, the British Government have directly and deliberately taken a hand in encouraging investment in home and Dominion securities. Long before the end of the nineteenth century public criticism was directed against an alleged lack of correspondence between British investment abroad and British exports to borrowing countries, and the possibility of Government intervention was then mooted. It should be emphasised, however, that the Government's part in the foreign investment story before the war was played, not primarily for economic, but mainly for political and administrative reasons. It took two principal forms: the operations of the Crown Agents for the Colonies and the passage of the Colonial Stock Act of 1900.

The Crown Agents acted as issuers for the vast bulk of loans raised by the Colonial Empire. Although the loans were secured solely upon the revenues of the borrowing colonies, the fact that they were sponsored by this centralised Imperial organ, responsible to the home Government, gave them a credit status far higher than a single colony could command. It may be noted that since the Crown Agents also acted as purchasing agents for the colonial Governments, and as agents for the larger public works contracts, they could make sure that the export of capital was to a large extent balanced by an

equivalent export of goods. The total of loans issued by the Crown Agents since 1870 has been as follows* :—

	Million £		Million £
1870-79	25.1	1910-19	22.2
1880-89	12.7	1920-29	54.1
1890-99	7.4	1930-36	37.8
1900-09	17.6	1870-1936	176.9

The Colonial Stock Act of 1900 (with subsequent amendments) gives trustee status to Dominion and Colonial stocks which comply with certain conditions and are registered under the Act. The outstanding total of securities thus registered amounted, in January, 1936, to about £858 millions—almost exactly one-quarter of total British investments abroad in the form of marketable securities. It is impossible to assess, however, the effect of the grant of trustee status. The credit of the borrowers has been high, independently of any measure of that kind. Nevertheless, the impress of trustee status under an Act of the Imperial Government has conveyed to many investors' minds a vague impression that the latter in some fashion guaranteed the loans. Although this suggestion has no legal foundation whatsoever, it was perceptibly strengthened when, in the reorganisation of the finances of Newfoundland by the British Treasury, Newfoundland's trustee issues were distinguished from her non-trustee issues and given special treatment.

The war ushered in an entirely new series of developments in Government intervention in overseas lending. As a means of conserving financial resources, the first Treasury embargo was imposed in January, 1915. Permission could be obtained for home issues and important colonial loans, but lending to foreign countries was forbidden. Though the ban was relaxed after the conclusion of peace, it was not officially removed until November, 1919. The mobilisation of foreign securities began voluntarily in 1915; later an extra income tax of 10 per cent. was imposed upon listed foreign securities, and, finally, in January, 1917, holders were obliged to sell or lend certain securities on demand. Altogether some £700 millions of overseas investments (chiefly American stocks and bonds) were realised during the war in order to provide dollar exchange.

Post-War Developments.

After the war Government intervention took three main forms, apart from measures in the field of short-term finance: (a) stimulation of special investments designed to induce additional British exports; (b) participation in League loans for European reconstruction; (c) embargoes on new issues, designed to protect the currency.

(a) The Trade Facilities Acts of 1921 to 1927 authorised the Treasury to guarantee the principal and interest of loans, the proceeds of which were to be spent in the United Kingdom. The total guarantees given for loans in overseas Empire and foreign countries, up to the completion of the scheme, were £20,290,000. The Colonial Development Act of 1929 authorised advances from the Consolidated Fund to

* The records are possibly incomplete for the earlier years. On the other hand, conversion loans are included, and some of the loans have been taken up, not by the general public, but by other colonies and by the Crown Agents themselves.

colonial governments for purposes of development. Up to March 31, 1936, the Colonial Development Advisory Committee had recommended free capital grants and direct loans totalling £4,779,000, and free grants of interest totalling £1,025,000.

(b) The only League loan to receive the actual guarantee of the British and other participating Governments was the Austrian loan of 1923. Undoubtedly, however, investors regarded the authority of the League Financial Committee, to which the various Governments had nominated members, as imparting a higher credit status than the borrowing country itself could muster. The outstanding amounts of the British portions of the various League loans total £39 millions, of which £22 millions are, to-day, wholly or partly in default.

(c) Before the return to the gold standard, after the war, the Bank of England, in co-operation with City interests, exercised an unofficial censorship upon new issues for overseas and other transfers of capital abroad. From the end of 1925 until 1930 the unofficial embargo was suspended, but currency stringency led to a resumption in the latter year. In his War Loan conversion speech of June 30, 1932, the Chancellor of the Exchequer requested that no new issues be made while the conversion was in progress. Two months later, the embargo was relaxed in favour of conversion issues for home and Empire sterling loans. After

October, 1932, it was confined to issues on behalf of foreign borrowers or issues whose proceeds would be remitted outside the Empire, and to optional conversions involving underwriting or new cash. No trustee securities could be issued without the approval of the Bank of England. The Chancellor later made it known that the purchase of large blocks of securities from foreign holders for re-sale in this country was frowned upon. In July, 1934, the embargo was conditionally relaxed in favour of sterling issues for members of the "sterling bloc," and of sterling issues calculated to expand British exports.

The Foreign Transactions (Advisory) Committee was appointed in April, 1936, and is still functioning. The terms of reference of the Committee, which is enjoined to keep

in close touch with the Treasury and the Bank of England, express the following objectives of public policy towards overseas lending:—

(a) The sterling exchange is to be protected against sudden and dislocating strains.

(b) Due allowance is to be made for new issues on behalf of Empire borrowers, and the movement of international securities between London and other markets is also to be borne in mind.

(c) Relaxation of the restriction is to be made in favour of loans to finance exports from the United Kingdom.

(d) British-owned enterprises abroad are to be favoured, rather than loans which do little for our industry and commerce; account is to be taken of the treatment accorded to British-owned enterprises by the foreign country concerned.

(e) Capital required for development in the United Kingdom should not be restricted by excessive lending abroad.

(f) Favourable consideration is to be given to applications for sterling issues by a country within the sterling area where the loan is required to increase the sterling assets of that country and so to minimise fluctuations of the exchanges.

* Our thanks are due to Professor W. A. Brown for permission to compile these figures from an elaborate table embodying the result of his profound original research.

VIII.—INVESTMENT TRUSTS										
GEOGRAPHICAL DISTRIBUTION OF HOLDINGS										
(Amounts in £'000)										
Date	No. of Cos.	Valuation	United Kingdom	Empire	U.S.A.	Latin America	Europe	Rest of World	Total	
1890	10	Book	1,878	840	5,286	3,390	...	3,263	14,657	
1929	14	Market	10,383	2,415	4,110	6,482	6,217	1,304	30,911	
1933	14	Market	10,368	2,475	3,188	3,538	3,550	1,131	24,250	
1929	20	Book	16,970	5,130	2,986	6,764	6,475	2,591	40,916	
1933	20	Book	17,602	6,561	3,188	6,474	5,620	2,765	42,210	
1933	41	Market	30,435	7,171	7,482	7,388	7,381	3,547	63,404	
1933	56	Book	38,801	12,674	9,826	14,668	12,592	7,592	96,153	
1890	10	Book	% 12.8	% 5.7	% 36.1	% 23.1	% ...	% 22.3	% 100	
1929	14	Market	33.6	7.8	13.3	21.0	20.1	4.2	100	
1933	14	Market	42.8	10.2	13.1	14.6	14.6	4.7	100	
1929	20	Book	41.5	12.6	7.3	16.5	15.8	6.3	100	
1933	20	Book	41.7	15.6	7.6	15.3	13.3	6.5	100	
1933	41	Market	48.0	11.8	11.8	11.7	11.6	5.6	100	
1933	56	Book	40.4	13.2	10.2	15.2	13.1	7.9	100	

FUTURE POLICY

It would seem that the time has now come for a re-appraisal of the motives and content of public policy towards overseas lending. The purposes set out in the Advisory Committee's instructions may be reduced to three, of which two are negative—the defence of the currency and the reservation of available funds for home development—and one is positive—the stimulation of trade, particularly of British exports. The emergency period of sterling defence is now over. The Three-Power monetary agreement of September, 1936, ushered in a period of relative stability which must be expected to continue for some time. It has, in effect, enormously increased the "sterling area." The need to protect the currency has not disappeared as a motive in overseas investment policy; but it has taken a new form, in which it is subordinate to the third motive, the stimulation of international trade.

In regard to the total volume of funds available for new investment, for which home and overseas borrowers must compete, the situation has undergone a radical change since the days before the war, and even since the onset of the world depression. Private saving has fallen off, but corporate saving is probably higher than it ever was, through the retention of profits in internal and external reserves of companies. Changes in the short-term market, as well as official policy, have resulted in the maintenance of extremely cheap money. The relationship between short-term and long-term rates of interest is not precise, either in space or in time; but the rate of interest appears now to be well established, as far as can be seen, on a new low plateau, and the market for gilt-edged securities shows no signs of immediate weakness. A longer view would need to take account of the possible falling off of capital needs at home as the population falls. On the whole, therefore, the indications are not those which point to a scarcity of loanable funds. It is true that the response of investors to a number of recent new issues has been disappointing. But this seems to be due, not to a lasting disproportion between new saving and investment opportunities, but to the general decline of stock exchange values under the combined pressure of international political troubles and fears of a business recession.

International disturbances and the fear of war naturally affect very closely the future of overseas investment. They have completely barred certain potential borrowers from the world's capital markets. Prudence dictates the greatest caution in lending money which might be lost through some international catastrophe, with its attendant reactions upon currency, trade, industry and taxable capacity. There remains, however, a large area, notably the British Empire, to which these considerations scarcely apply. Moreover, some weight must be given to the argument that the revival of world trade, which a fresh flow of international lending would stimulate, would diminish the political tension between the nations.

The most fundamental consideration of all, therefore, is seen to be the relation between overseas lending and trade. In these days of high tariffs, quotas and other interferences, it is impossible to assume, *a priori*, that a smooth adjustment of international trade will follow international movements of money, or that a debtor country—however sound its internal economy—will be able to establish the surplus of exports over imports needed to pay interest and dividends on its borrowed capital. The experience of the depression has taught us the utmost caution in the latter respect. The experience of recovery, on the other hand, has taught us that a rising import surplus may be more than balanced—to the clear advantage of the national income—by improved earnings from capital abroad and from the mercantile marine. The whole structure of British industry is conditioned by the existence of that invisible income, which is a counterpart of our import of raw materials. Unless British capital abroad is at least maintained intact, a readjustment of that structure and of the national standard of life must sooner or later become necessary. In spite of protection here and abroad, international trade is vital to British industry. Without a revivify-

ing flow of capital, international trade is liable to stagnate. The opportunities for fresh international investment to-day are limited—they may embrace only the British Dominions and colonies, India, the Near East, a single South America republic and possibly China, when the present struggle has been liquidated. But if and when these opportunities arise, it would be dangerously short-sighted to neglect them.

Even such a negative conclusion may seem foolhardy to some minds at a moment when a threat of complete default (now rescinded) by the second largest debtor country of Latin America has been piled upon wars and rumours of wars that have made almost every investor say: "There's no place like home." Here, indeed, is a field in which politics are even more decisively the master of economics than in international trade itself. In purely economic terms, the case for continued international lending is almost unanswerably strong. There have, it is true, been serious losses in the past through purely economic causes: the virtual bankrupting of the Chilean nitrate industry by the competition of synthetic nitrates is a striking example. But on the whole the wastage through economic loss has been covered by the insurance premium that is represented by the higher rate of interest obtainable on overseas investment. That higher rate of interest is itself an index—still speaking in purely economic terms—of the greater opportunities there have been for the investment of capital in the debtor than in the creditor countries, and therefore of the gain to the world by international lending.

Yet just as "in the long run we are all dead," so what happens "on the whole" is no comfort to the individual investor who has lost his money in some disappointing foreign commercial venture or defaulting foreign Government—and there is more than a germ of truth in the allegation that some issues for overseas borrowers may have been made less on account of their intrinsic attractions by comparison with home demand for capital, than on account of their financial attractions to those who immediately benefited by them. Even so, we have only to remember the fate of much of the capital floated for home industry in the new issue boom of 1928 to realise that pot may be as black as kettle. If we remember, too, the big industrial failures at home in comparatively recent years—in the heavy industries, for instance, or in Lancashire—we may be ready to believe that on the average the rate of loss on capital invested overseas, including Governmental defaults, is not unconscionably higher in peace-time than the corresponding rate of loss on home investment, and is more adequately covered by the insurance premium element in the average rate of return. In time of war in which we ourselves are involved, of course, the rate of loss through defaults and otherwise may be high. For example, default completely destroyed over £100 millions of our investments in Tsarist Russia. But in such circumstances it is almost equally impossible to tell what may happen, immediately or ultimately, to capital invested in home industries, as post-war investors in the war-expanded British steel industry learned to their cost.

This discussion, however, brings out one important factor to the advantage of home lending—that whatever might happen to home industries, their tangible investment in factories, machinery, etc. would remain as a national asset. A bankrupt railway's tracks would still exist and could be used if the need arose, whether they were in England or in Argentina. But politically the position would be quite different, and politics (including strategic considerations) hold the field to-day.

To promote foreign lending merely for its own sake would plainly be foolish; but it would be equally foolish to oppose it merely for its own sake. These are times in which both the Government and the investor are bound to give every proposal for overseas lending the most careful scrutiny, both from the economic and from the political points of view. It is our opinion, however, that such a scrutiny—bearing in mind the dangers in connection with the balance of payments that have been mentioned—will not lead to any additional check to foreign lending, but on the contrary to its stimulation, as the need arises, within the British Empire and with some members of the foreign world.

Overseas Correspondence

From Our Special Correspondents

United States

Rumours of Tax Changes

NEW YORK, November 9.—Last week was interrupted by Election Day on November 2. These elections were country-wide, but mostly for State, county and municipal offices; although one or two vacant congressional seats were filled. The effects of the results on business or financial sentiment are still invisible. Political interest is centred on the special session of Congress to convene on November 15th. In his radio address to the nation the President presented a lengthy agenda which included nearly every topic except taxation.

As the session approaches taxation is a dominant theme in discussion, not only in New York but in Washington, where the Congressmen have begun to foregather and where a House Committee is studying tax proposals. During the summer a committee of experts made an extensive study of the whole scheme of Federal taxation. Its report has not been made public; and the stage is admirably set for rumours about the repeal or modification of the undistributed profits tax on corporations and the capital gains tax.

The undistributed profits tax has been in effect only one year and does not seem to have lived up to its revenue promise. Two facts have made it unpopular: corporations with a capital structure weakened by the depression and corporations heavily indebted with amortisable debts have clearly been hard hit; and at no time since the tax became law has the new issue market been receptive to the offerings of small or secondary corporations. Punitive as the tax was intended to be, a certain number of corporations needing capital, and having no access to a capital market, have elected to pay the tax to retain their earnings. The stronger and larger corporations, with solid financial structures, were not adversely affected by the tax; indeed, some benefited by it.

By the capital gains tax net capital gains are taxed as income of the current year, but net capital losses are deductible from income only to the extent of \$2,000. However, on capital gains derived from sales of securities more than one year from the date of acquisition, a sliding scale is provided which materially modifies the tax. The tax was aimed particularly at stock market speculators; but it has been a mediocre revenue producer, for the simple reason that speculation is not nearly so profitable as people who prepare tax Bills fondly suppose. The tax may, indeed, have acted as a direct impediment to enterprise. The suggestion that either or both of these taxes will be modified is therefore alleged to be reasonable.

Decline in Primary Prices

Common gossip in Wall Street attributes the strength of sterling to an exodus of "hot money." If so, it seems to represent transfers of balances rather than movements of investment funds. It does not appear that much European money has entered the American security markets in recent months; and there has been little evidence of European liquidation. This "hot money," when invested, seems more sensitive to rumours of taxation than to considerations of business activity or earnings.

The decline in primary commodity prices since early in the year has been an outstanding phenomenon. The

following table shows the yearly movement of the index of the Bureau of Labour Statistics:—

	UNITED STATES PRICES		
	Raw Materials	Semi-Manufactures	Finished Products
1926	100	100	100
1927	96.5	94.3	95.0
1928	99.1	94.5	95.9
1929	97.5	93.9	94.5
1930	84.3	81.8	88.0
1931	65.6	69.0	77.0
1932	55.1	59.3	70.3
1933	56.5	65.4	70.5
1934	68.6	72.8	78.2
1935	77.1	73.6	82.2
1936	79.9	75.9	82.0
May 1936	75.8	74.1	79.2
June	77.6	73.9	79.4
July	79.8	75.2	81.6
Aug.	81.5	75.6	82.4
Sept.	81.8	75.9	82.3
Oct.	82.1	76.2	82.0
Nov.	83.1	78.6	82.6
Dec.	85.6	82.6	83.8
Jan., 1937	88.1	85.4	84.9
Feb.	88.3	85.5	85.4
Mar.	90.1	89.6	86.4
Apr.	88.7	89.5	87.4
May	87.1	87.5	87.5
June	86.1	86.8	87.7
July	86.5	87.0	88.8
Aug.	84.8	86.6	89.0
Sept.	84.4	85.3	89.1
Oct. 30 (week ended)	78.7	81.5	87.3

This table shows since May, 1936, a complete cycle of raw material prices—a rise of about 15 per cent. and then an almost complete cancellation of the rise. Semi-manufactured articles have followed the course of raw materials. Finished products were slower to rise and so far have declined little.

Taxation and Security Markets

The problem of the relation of taxation to security markets is enormously complicated by our intricate system of tax exemptions and tax differentials. Local government debt (in round numbers \$20,000 millions) is wholly exempt from taxation as to income. The Federal debt is partially exempt; that is, the Federal short-term debt (in round numbers \$15,000 millions) is exempt; while the Federal long-term debt (say \$20,000 millions) is exempt for institutions, with certain minor qualifications, and exempt from normal income tax (4 per cent.) for individuals, but not from surtaxes. For the individual liable to higher surtaxes, the problem was further complicated by the legislation of last August, which in effect suddenly doubled taxation on corporate securities and made tax-exempt securities correspondingly more attractive. A large number of States impose State income taxes; so that sometimes an individual's income tax may amount to 90 per cent. of his income—and he may be able to reduce his liability to nothing by a shift into exempted securities.

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Of course, such differentials equate themselves through the market in time; the price or yield of tax-exempt securities strikes a relation to the price or yield of taxable securities in such a way as to compensate for the tax differential. But in this process a high degree of compartmenting within the market results; and adjustment to such sudden and violent changes of tax status as were introduced by the loophole tax of last August may be quite difficult.

In the fiscal year just ended Federal revenues were \$5,300 millions and expenditure was \$8,000 millions. In the current year contemplated expenditure is lower and revenue higher. For the coming period the outlook is for equivalent or higher taxes imposed on a reduced national income. There is one basic fact: in the 'twenties the United States had a large national income and a small Budget; in the 'thirties the United States has had a small national income and a large Budget. In the 'twenties the United States was a lightly taxed economy; now it is a heavily taxed economy by any relative criterion. Taxation is now a major, rather than a minor factor in the distribution of the national income. With each successive change in the tax laws a larger number of persons became tax conscious; and now, with a falling national income, tax consciousness has become a political fact of such magnitude that tax revision has become the dominant subject of discussion as the special session convenes.

France

The Franc and Franco

PARIS, November 15.—French policy is dominated by two main problems: the franc and Franco. There was even rumour at Lille of a new Herriot Cabinet, supported by the Communists and the Moderates, who would have exchanged a return of expropriated capital for a closer alliance with Moscow. But the Chaumets Cabinet remains, supported by the Popular Front on a programme to maintain the *status quo*. The Socialists, in their conference, reaffirmed their belief in credit control and the nationalisation or control of industries. But there was no question of any control of the exchanges. And M. Blum emphasised that in foreign policy the essential problem was that of the relations of London with Moscow.

The Moderates of the Alliance Républicaine supported at Nice the decisions announced by the Cabinet at Rambouillet, including the revision of the forty-hour week, which the Government shows no precipitate haste to carry out. The Communists are ready to make any economic concessions so long as Franco is not recognised—all the more so because the cantonal elections have shown them that the provinces are tired of monetary depreciation. It so happens that events abroad, added to the effects of M. Bonnet's repudiation of exchange control, have produced a recovery in the franc and returns of flight capital which, two months ago, would have been impossible without further concessions being made by the Left extremists.

Moreover, there is no serious discontent in the country, where the rise of wages is keeping up with the rise in the cost of living. Most of the great companies show equal or increased profits in comparison with 1936. The present disequilibrium is principally in the Budget and the balance of payments. The first disequilibrium has been made up by the efforts of the Minister of Finance, M. Bonnet. Both the latest issued loans of 1,000 million francs and 600 million francs were rapidly subscribed; and the deficit in the balance of payments (possibly 6,000 million francs for all 1937) is likely to be rectified by the slump in foreign prices and the return of expatriated capital (more than 6,000 million francs of strong currencies were purchased by the Equalisation Fund in a few days). This reimbursement in early December of the British loan of 40 millions has been announced.

Uncertain Outlook

But so long as the forty-hour week is not adopted by other countries, a policy of "wait and see" is not sufficient. The return of capital will not continue if it is used merely to cover a persistent commercial deficit. Will recurring unemployment precipitate a change in Government? It is remarkable that after falling by 100,000 compared with a year ago, the number of unemployed has again registered a marked increase of 10,000 in a month, in spite of two monetary depreciations, the Exhibition of 1937 and the forty-hour week. France is the country with the lowest number unemployed, but also the country where devaluation has been greatest and the fall in unemployment least, which is the consequence of the effect of the forty-hour week on prices.

The index of wholesale prices has fallen to 604 from 620 on October 16th, a drop of 3 per cent. in three weeks. This decline is principally due to the fall in the price of foreign commodities. This decline, if prolonged, may facilitate for a time at least economic recovery in France; but the cost of living will continue to follow the rise in internal prices, all the more because it will be aggravated by further increases in transport fares and charges. The railway deficit will reach many milliards in 1938, but actual estimates are very divergent. One thing is sure: passenger fares and goods rates will be raised by a further 25 per cent. from January 1st; and the fares on metropolitan transport vehicles will also be raised. And these contributions to the restoration of the public finances will provoke new claims for increased wages and new protests from interested parties.

Germany

Mutual Soundings

BERLIN, November 17.—The announcement that Lord Halifax was to visit Herr Hitler was, on the whole, well received here. It would be a mistake, however, to expect too much from discussions the aim of which has not been defined. The British belief that the aim was to "sound" Germany was rejected by the Berlin Press, which claimed that Germany had repeatedly made known her policy and requirements; and added, "Berlin will enter into no compromises." A German thesis, for which much might be said, is that it is British policy that needs sounding; and if Herr Hitler succeeds in sounding Lord Halifax he will have achieved something very remarkable. For, just as before the War, the vague commitments of Great Britain in Continental affairs are a main disturbing factor; and, just as before the War, it is not understood how a Government which is plainly in opposition to certain powers and in virtual alliance with others can claim to be Europe's impartial mediator and peace-maker.

Impounded Dividends

Last week the Bourse was under the influence of surmises about the impending Loanstock Law and the manner of distribution of the already impounded dividends. The Loanstock Law of December, 1934, is about to lapse; and it will almost certainly be prolonged or replaced by a measure similar in principle, in that the payment of dividends will be restricted. The law of 1934 hardly realised its aim to provide capital (the impounded excess dividends) for public borrowing.

The sum impounded in the three years was only some Rm. 100 millions, although about 175 companies had to contribute all dividends exceeding 8, or in some cases 6, per cent. Rm. 100 millions is only one-seventieth of the sum publicly borrowed for the consolidation loans alone. The law, nevertheless, exerted a considerable influence on methods of company finance, tending to reduce the dividends declared, and therefore to strengthen the companies' finances. The form in which the Rm. 100 millions will be refunded to shareholders is not yet known; possibly in cash, possibly in negotiable certificates, or possibly by distribution of the actual securities, mostly

municipal, in which the impounded money was invested.

The Reich has taken over, for incorporation in the Reich Railways Company, the private Lübeck-Büchener and Brunswick Landes Railways, paying the nominal share value in Reich Railway Company 4½ per cent. treasury certificates. The measure was favourably received by the Bourse, and aroused speculation about the possibility of further nationalisation of the 4,000 kilometres of railways still in private hands; but it seems that this is not designed.

Favourable accounts are published of progress with the ore-mining and smelting enterprises of the Reich ("Hermann Göring") Company. Ultimately the Salzgitter Mining Company, which is a daughter concern of the "Hermann Göring" Company, will produce several times as much iron ore as the entire home output at present, which, in the first three quarters of 1937, was 6,100,000 tons. The Office for Raw and Workshop Materials reports that the increased home production of non-ferrous metals, together with various structural economies, has already mitigated the former shortage. The police have now been enlisted to control the collection of scrap metals and other materials.

Seasonal Increase in Unemployment

The number of unemployed increased in October by 33,000 to 502,000, of whom 160,000 were not fully employable. This increase is due to seasonal influences, and the number is still 575,000 below the level of October, 1936. The value of industrial production in the third quarter of 1937 is officially estimated at Rm. 18,500 millions, compared with Rm. 16,750 millions in the same quarter of 1936. Wholesale trade turnovers, returns of which are not, however, compiled for all branches, show substantial increases, mostly between 10 and 20 per cent. over the figures of 1936. Pig-iron output in October was 1,417,900 tons, compared with 1,349,500 tons in September; and in the first ten months of the year 13,184,500 tons were produced, compared with 12,788,100 tons. Iron and steel production, already heavy, shows a further slight tendency to increase; and the number of blast-furnaces in operation has risen.

The condition of winter cereals is officially described as satisfactory. Sowing proceeded in better conditions than last year. The condition of both winter rye and winter wheat is calculated to be between "good" and "mediocre." An official return of the utilisation of agricultural land brings out the fact that, compared with pre-war years, the share of arable (in the present Reich area without the Saarland) has considerably decreased. While, between 1913 and 1936, the total cultivated area fell from 29,730,000 hectares to 28,631,000 hectares, the arable area fell from 21,486,000 hectares to 19,349,000 hectares, that is from 72.27 per cent. to 67.58 per cent. of the whole. Land under meadow, pasture, and garden increased considerably. Foreign reports about the ravages of foot-and-mouth disease are officially condemned as sensational and untrue; and the number of affected farms or estates is put at 4,000.

Diminished Export Surplus

In October exports were very large, but the export surplus was smaller than in October, 1936. The export surplus for the first ten months of the year is only Rm. 370 millions. At the beginning of 1937 it was confidently expected that the Rm. 550 millions export surplus of 1936 would be exceeded. But while a large increase in exports was correctly predicted, no allowance was made for the heavy increase in imports. The total value of imports in October was Rm. 130 millions higher than in October, 1936, and of exports Rm. 112 millions higher. Since September of this year the value of imported foodstuffs has risen from Rm. 163.2 millions to Rm. 184.3 millions; but of industrial goods only from Rm. 295.4 millions to Rm. 296.2 millions. Exported foodstuffs have risen in value from Rm. 6.1 millions to Rm. 6.6 millions; and industrial goods from Rm. 488.0 millions to Rm. 537.1 millions. In fact, progress this year has been on the lines of Dr Schacht's New Plan, which stated that imports should be fully paid for by

exports, and implied that imports would be increased if exports increased.

The foreign trade returns for the first nine months of 1937 shows an increase in both the export surplus in trade with Europe and the import surplus in trade with overseas countries; the former was Rm. 772 millions, compared with Rm. 622 millions in the same months of 1936, and the latter was Rm. 451 millions, compared with Rm. 296 millions.

Nothing has lately been heard about the intention to accumulate a new gold reserve, announced at the time of the bond default of 1933. Gold imports and exports in October were inconsiderable and practically balanced.

Poland

Stabilising Disunity

WARSAW, November 5.—The national unity campaign launched last February by Colonel Adam Koc appears so far only to have added to the internal political confusion. Instead of bringing some Opposition support to the Government it has brought to the surface the fundamental differences within the Pilsudski regime which were submerged by the power and personality of the late Marshal. There seemed a possibility two or three months ago that Colonel Koc might make a deal with the National Democrats—the Right Opposition to the Government—but strong exception to any such arrangement developed among the liberal elements in the Pilsudski regime. An alternative suggestion that the much-needed broadening of the political base might be achieved by bringing the Populists (the peasant Opposition to the Government) into the National Unity camp provoked equally strong protests from the reactionary Pilsudski-ists, who also refused to consider any arrangement with the Socialists.

All efforts to give practical political effect to national unity declarations have thus served only to create discord. Marshal Smigly-Rydz, on whom the mantle of Pilsudski was placed, recently found it necessary to summon the leaders of the Legionaires to a private meeting in Warsaw in an attempt to restore harmony. All the key positions in the army and most of those in the Government and public services are held by Legionaires, and a split in their ranks might have very grave consequences. The danger of a serious split, however, is now felt to have been averted—but only at the cost of abandoning Colonel Koc's efforts to make a deal with the National Democrats. A broad understanding with the peasants would only be possible with the return from exile of M. Witos, the leader of the Populist Party, and there was never much likelihood that the Pilsudski-ists would allow him to return—except to serve his gaol sentence. On the other hand, an arrangement with the National Democrats, whose political creed is now anti-Semitism, could only have been interpreted as a step on the road to a totalitarian state. Perhaps Marshal Smigly-Rydz has chosen the only feasible way out of a dilemma by seeking to restore harmony within the regime—or, as one commentator has expressed it, by trying to stabilise disunity.

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Economic Improvement

The 1937 grain harvest, as anticipated, is estimated to have been about 12 per cent. below the average of the previous five years; but the loss has been partly off-set by excellent crops of potatoes and cabbage, the principal foods of the peasants. With wholesale farm prices still only 50 per cent. of the 1928 average, the agricultural situation leaves much to be desired, and the discontent of the peasants, which recently led to serious outbreaks in Southern Poland, may be attributed more to economic than to political causes.

The indices of industrial prices and production, in spite of a slight recession in September, are respectively 10 and 14 per cent. higher than a year ago; and industrial production has now recovered to 85 per cent. of the 1928 figure. But the population has increased nearly 15 per cent. since 1928, so that the improvement is more apparent than real. It has also been caused to a large extent by acceleration of the armament programme with the stimulus of French credits.

The improvement in the volume of foreign trade, as the following figures indicate, has been greater than in domestic trade:—

First Nine Months	Imports	Exports (Millions of zlotys)	Export (+) or Import (–) Surplus
1935	625.3	672.8	+47.5
1936	725.6	741.2	+15.6
1937*	929.5	867.6	–61.9

* Preliminary.

Although the visible trade balance, according to the published figures, is now definitely adverse, the Bank of Poland, from January 1 to October 20, 1937, was able to show an increase in gold holdings from 392.9 to 432.1 million zlotys and in foreign exchange and bills from 29.7 to 35.2 million zlotys. So far this year the "gold cover" has improved from 32.07 to 35.97 per cent.

The main reasons why the returns of the Bank of Poland have not reflected the adverse trade balance are understood to be: the curtailment of foreign debt service; the military credits obtained from France at the end of 1936; and extensive sales of food and clothing to both sides in the Spanish civil war. These sales have not appeared as exports to Spain in the foreign trade returns, although they may have been credited to transit countries. It is unofficially stated that these exports have exceeded a value of 100 million zlotys during the past year.

The new industrial zone in the "strategic triangle" between the Vistula and San rivers in Southern Poland, on which work was started early in 1937 on a four-year plan, is said to be making satisfactory progress. For the current fiscal year (which began on April 1st) 1,000 million zlotys have been provided for work in the new zone. This money is being obtained from the ordinary and extraordinary budgets passed by the Sejm, from the National Defence Fund, from local government bodies and State enterprises, and from the French credits. The new zone, apart from its strategic advantages, is transforming an "economic desert" into an industrial region.

Sweden

Turn of the Tide

STOCKHOLM, November 5.—Even in this country, which during four and a-half years has enjoyed an exceptional business expansion, there begin to appear signs of a turn of the tide. On the whole, the economic situation is still satisfactory. But adverse conditions abroad must necessarily check the upward trend in the long run. Falling prices for foreign raw materials, together with other storm signals from foreign centres, have lately brought about a shrinkage in orders to Swedish industries.

Industrial production has so far shown no signs of slackening. During August the general index of industrial production rose by one point to 121. Employment further improved, and the number of unemployed fell in September to 9,900, compared with 20,900 a year ago. The shortage of hands in agriculture is growing, which has led to an increased import of agricultural workers from Finland. The iron and steel industry is still running at full capacity. Yet there is a noticeable decline in orders for domestic requirements and a tendency for prices to weaken.

For other staple goods the future does not look too promising. Timber importers in Great Britain and Holland have considerable unabsorbed stocks and Swedish sawmill owners show great caution in completing their raw material requirements. Swedish timber sales at the end of September totalled 760,000 standards, which is below the level of 1936. The pulp market is quiet, and very few orders for delivery in 1939 have been received, since buyers are obviously afraid that extension works in the pulp industries in the United States and Canada will force prices down. About 85 per cent. of the 1938 production of chemical as well as of mechanical pulp has now been placed. As a positive factor favouring stability, it should be remembered that the mechanical pulp agreement between Sweden, Norway and Finland has been prolonged for a further period of three years.

Growth of Foreign Trade

Foreign trade is still expanding. Figures for recent periods have been:—

FOREIGN TRADE (In million kronor)			
	Jan.-Sept. 1936	Jan.-Sept. 1937	
Imports	1,156.1	1,542.0	
Exports	1,064.8	1,409.8	
Import surplus	91.3	132.2	

TRADE WITH UNITED KINGDOM (In million kronor)			
	Jan.-Aug. 1936	Jan.-Aug. 1937	
Exports to U.K.	227.4	279.9	
Imports from U.K.	197.7	256.3	
Export surplus	29.7	23.6	

It is significant that imports from Great Britain have increased by 30 per cent whereas exports to Great Britain show an increase of only 22 per cent. The Silverstolpe index of wholesale prices fell again in October by one point to 140. On the other hand, the prices of consumption goods during September and October showed exceptional stability, despite the weakening tendency of general price movements.

The Swedish money market is still suffering from a superabundance of liquid funds with new high records for the cash holdings of joint-stock banks. This has induced the banks to consider a further reduction of interest on certain categories of sight deposits. The demand from trade and industry for fresh credit accommodation shows only an insignificant growth, compared with the rise in prices and with the business expansion that has taken place during the year. Plant extensions are carried out on a comparatively small scale and are practically without exception financed out of industries' own funds. Merchants are not discounting bills, but prefer to keep them in their own portfolios. The main profits of the commercial banks will be derived this year from commissions on loan conversions and other operations, while profits from interest will probably show a decline compared with 1936 results.

The stock market has been under the influence of unfavourable reports from Wall Street and the City; and the general index of stock exchange prices declined during September from 178 to 171 (100 = par value). A contributory factor was uncertainty about the labour negotiations, the outcome of which will have great influence on the earning capacity of all companies listed on the Swedish stock exchange.

Irish Free State

Unfavourable Balance of Payments

DUBLIN, November 6.—The import surplus for the twelve months ended September, 1937, amounted to £20,690,690, compared with £16,574,562 in the corresponding period last year. It is generally agreed among bankers and economists that the invisible credit balance, though known to be very large, is insufficient to bridge this gap, and the conclusion is inescapable that the total balance of payments on current account is unfavourable. This conclusion is corroborated by the fact, disclosed in the latest bulletin published by the Currency Commission, that the net sterling assets of the Irish banks have decreased by over £2,000,000 during the last twelve months. As residents in the Free State hold considerable sterling assets outside the banks, it is quite possible that other external investments have also been liquidated to pay for part of the country's imports.

While the facts about the balance of payments cannot be disputed, their interpretation discloses differences of opinion between those, on the one hand, who regard with apprehension the depletion of the Free State's external reserves and those, on the other hand, who regard it as a matter of indifference, if not of congratulation. It is argued by the latter that many of the imports are capital goods; that such imports are non-recurrent; that imports of consumers' goods will tend to diminish as the new capital becomes productive; and that it is better to have our capital invested at home than abroad. To these arguments it may be replied that capital goods will need further imports for replacement, renewals and repairs; that the new industries will require to import much of their raw material; that the purchasing power generated by industrial development will be partly spent on imported consumers' goods; and that the desirability of investment at home rather than abroad depends upon the relative productiveness of the two localities.

Ways to Restore Equilibrium

One thing at least is certain; namely, that the external investments now in course of liquidation will not be easily replaced, and that to the extent by which they are decreased the Free State is the poorer. Everybody must therefore agree that the present position of the balance of payments cannot last indefinitely, and that efforts should be made to reduce the existing disequilibrium. Agricultural exports show a tendency to increase in value owing to the rise in the level of agricultural prices, but their volume shows no such tendency; and the decline in the numbers of livestock is beginning to be reflected in export statistics. Efforts are being made to develop industrial exports, and these efforts are being attended with success in the case of a few industries, but the value of such exports is an insignificant fraction of the total exports, which must necessarily remain overwhelmingly agricultural in character.

As regards invisible exports, it should be possible greatly to expand the receipts from tourists, and the Irish Tourist Association deserves much praise for its work in exploiting the attractions of the Free State. Doubtless the source of revenue will grow in the future, but it cannot be overlooked that the practice of going abroad for holidays is spreading among the Irish working classes; and the fact that, under the new Conditions of Employment Act, 600,000 workers will enjoy holidays with pay next year, will tend to swell the countervailing item of tourist expenditure abroad. The growth of emigration to Great Britain will probably augment the revenue derived from emigrants' remittances.

The expansion of exports is obviously a better method of restoring equilibrium in the balance of payments than the contraction of imports, but there is still one very important import, namely coal, that could possibly be considerably reduced without undue inconvenience if the country's supply of peat could be utilised for fuel. This is an old problem in Irish economics, but fresh interest has been awakened in it by an admirable paper read before the Institute of Electrical Engineers by the President of the Irish Centre, Colonel Edgeworth.

Letter to the Editor

State Contracts

TO THE EDITOR OF THE ECONOMIST

SIR,—While much unnecessary expenditure in public offices and services has been eliminated since the War, we still do not obtain a maximum return from all the State expenditure which is necessary. It is doubtful, for instance, whether purchasing departments are in a position to safeguard expenditure adequately. Firms tender for contracts, and a "fair and reasonable" tender is selected. But many tendering firms are inter-related; often suppliers are so few that contracts have to be distributed among them; and contracts are geographically spread to distribute employment. Competition is thus diminished, and the "fair and reasonable" price is determined by other than economic considerations. And, moreover, the purchaser has rarely the chance or competence to examine the figures on which a tender is based and the step-by-step process by which it is built up. I would therefore suggest an alternative procedure, already favoured in the business world, whereby, as a preliminary to the placing of an order or contract, the estimate or tender is arrived at by conference between purchaser and producer. Since the staffs of State departments have not the commercial or technical experience of production to scrutinise a quotation in this way, there is need for an intermediary between the departments and the outside contractor. This intermediary might be a permanent small commission with power to co-opt *ad hoc* temporary members of knowledge and experience. At present State purchases are made by individual departments or offices, and redundancy and waste result. The centralization of purchasing through the proposed commission would obviate this, as well as securing economic quotations for all State contracts.

Yours faithfully,

T. W. MACALPINE.

Bishopsgate, E.C.2.

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GEORGE ALLEN AND UNWIN

Books and Publications

Empty Spaces

MR ISAIAH BOWMAN, President of the Johns Hopkins University and for twenty years Director of the American Geographical Society, introduces, in an important book,* a body of experts who discuss from their several angles the possibilities of modern migration. If we still harbour any illusions about wide empty spaces awaiting settlers, Mr Bowman and his collaborators have presented a timely warning.

The outstanding conclusion of their extremely able review is that "migration is no answer to economic and social strain induced by so-called over-population." The days when the Spaniards penetrated the New World and the Russians overran Siberia in fifty years, and even the more recent pioneering era in the Americas, Africa and Australasia, have now passed away. Political or religious persecution is to-day only occasionally a major motive for emigration; and the migrant now expects higher standards of living than did his predecessor in new lands. There must be preparation, organisation and "after-care"; and the resources of science and technology must mitigate the hardships and disappointments of the pioneer. The best land is occupied. Vacant space remains; but "the population capacity of the land depends, not on its degree of vacancy, but on the total available resources that land, people, science, technology and market demand, plus transport facilities, make possible." The frontiers of the world have shrunk; migration is now less of an adventure, and more wholly an economic proposition.

In the light of this broad conclusion the case is stated. Two preliminary papers discuss the general prospects of a redistribution of population and food supplies by migration. In one, the writer actually suggests that most of the world's inhabitants are now situated where they ought economically to be. We are, therefore, pleasantly surprised to find the Canadian apologist anticipating a renewal of immigration into Canada as the result of control, organisation, intensive technological inquiries and the study of markets.

"The earth's tolerance has been vastly widened," says Mr Bowman, "by modern science"; and the "vernalisation" of seed, for instance, will vitally affect the development of northern fringes, even if not so sensationally as the Russian experiment in Arctic Siberia. Markets are essential considerations in migration, for it is generally agreed that there is no more room for the "subsistence settler." The Russian schemes in Siberia, not yet fully launched and partly strategic in purpose, are therefore of interest primarily as a laboratory experiment in completely State-controlled migration.

British experience in the past has shown the relation between migration and the flow of capital; this will be even more patently important in the new phase of "planned" settlement. The rôle of capital movements is stressed throughout this symposium, and not least in connection with the problems of China and Japan. It is in this Pacific area, where the restriction of migration is most pronounced. The Chinese are tending to return to China; and the Japanese, who are not good colonists except in the tropics, are now faced with obstacles, not only in the Pacific, but also in Brazil, where, in fact, large numbers could be accommodated. Mr. Bowman, in the last, but not least interesting, article in this book, shows that, in South America, Brazil offers the only substantial field for settlement. This at present is limited, however, by the country's "low technological level and its loose political organisation" precluding "firm central guidance."

* The Limits of Land Settlement. A Report on present day possibilities. Prepared under the direction of Isaiah Bowman, Council on Foreign Relations. New York. Royal Institute of International Affairs. 682 pages 15s.

Again, one of the main conclusions of the study of the Australian position in this region is that inadequate rainfall imposes a strict limitation on the possibilities of increased immigration. The case for a "White Australia" is strong; but here the author admits that the exclusion of Asiatics from the tropical regions may result in economic disadvantages. There is a similar problem in a very differently populated continent. Africa's millions represent a density per square mile of less than twelve—an empty continent! Yet an unsatisfactory rainfall, as in Australia, on the one hand, and other, at present severely curtail opportunities for settlement. Moreover, a changed attitude in recent times towards the native tends to restrict both the area and, where labour must be black, the means of settlement. In general we conclude, unfavourably for expansionist doctrines, that only limited opportunities for migration still exist, subject to organisation and control. Mr Bowman and his contributors have rendered a signal service in marshalling the facts. Their book contains numerous interesting map illustrations (which suffer in some cases from compression), and a notable bibliography. More important, perhaps, are the political implications of their arguments and conclusions.

Shorter Notices

"Colonial Policies of the United States." By Theodore Roosevelt. With an introduction by Walter Lippmann. 204 pages. 7s. 6d.

The history of the United States' colonies in Puerto Rico, the Philippines, Samoa, Hawaii, Alaska and the Virgin Islands is as little known in this country as the name of Roosevelt is familiar. The burden of Colonel Roosevelt's brief, racy and delightfully lucid survey is characteristically downright. At the end he says of the American colonies: "We as a nation have not profited from them and we are not, because of our type of government, fitted to carry out any far-range colonial objective. . . . The average nation, particularly in modern times, has got but little out of colonial possessions with a large foreign indigenous population." From American experience and his own knowledge as a colonial administrator he flatly denies the German and Italian thesis that colonies conduce to national wealth and strength. For Britain, too, he has by implication a word of advice: he doubts whether democracy and imperialism are really compatible. This book is very readable, and should be read.

Books Received

- Principles of Money and Banking*. 4th Edition. By R. D. Kilborne and G. W. Woodworth. (London) McGraw Hill Publishing Co., Ltd. 513 pages. 21s. net.
- Manual of Research and Reports*. By the Committee on Research of the Amos Tuck School of Administration and Finance, Dartmouth College. (London and New York) McGraw Hill Publishing Co., Ltd. 140 pages. 7s. 6d. net.
- The Republics of South America*. Prepared by a Study Group of Members of the Royal Institute of International Affairs. (London) H. Milford. 374 pages. 21s. net.
- Money Powers of Europe in the Nineteenth and Twentieth Centuries*. By Paul H. Emden. (London) Sampson Low, Marston and Company, Ltd. 428 pages. 15s. net.
- Money*. By Emile Burus. (London) Gollancz. 94 pages. 1s. 6d. net.
- An Introduction to Economic Botany*. By James Gillespie. (London) Gollancz. 96 pages. 1s. 6d. net.
- A Short History of the Russian Revolution. From 1905 to the Present Day*. By R. Page Arnot. Vol. I. From 1905 to February, 1917. 96 pages. 1s. 6d. net. Vol. II. From February 1917 to the present day. 96 pages. 1s. 6d. net. (London) Gollancz.
- National Income of Sweden, 1861-1930*. By E. Lindahl, G. Dahlgren and K. Kock. (London) P. S. King. Vol. III. Part I. 319 pages. 15s. net. Part II. 631 pages. 20s. net. Lloyd's Calendar, 1938. (London) The Corporation of Lloyd's. 855 pages. 3s. 6d. net.

MONEY AND BANKING

Brazilian Exchange

THE news that Brazil had announced a temporary suspension of the service of her external debt and was also intending to prohibit the operations in the country of foreign-owned banks and insurance companies, naturally created an unfortunate impression in the City. This impression was only slightly mitigated by the report that exchange dealings were to be freed, so that 35 per cent. of the proceeds of export bills would no longer have to be delivered to the authorities. The suspension of debt payments has proved merely temporary, but the new regime is proceeding to give effect to its internal economic and financial policy. So far as the banking and insurance outlook is concerned, the threatened prohibition of foreign financial activities is naturally a matter of moment for the Bank of London and South America, which is the only British bank operating in Brazil. The announcement is in accordance with Article 145 of the new Constitution. Actually, the Constitution of 1934 contained a similar article (Clause 117), which provided that all foreign companies, including banks and insurance companies, were to be nationalised. A year ago, Lord Wardington, the chairman of the Bank of London and South America, was able to state that no definite steps had been taken under the 1934 Constitution, apart from a draft measure for the creation of a Federal Insurance Institute. Even the constitutionality of that measure was then under consideration by a Parliamentary Committee.

What is the economic background of the latest developments? President Vargas, it would seem, is determined to deal promptly with the crisis with which Brazil is faced through the decline in the coffee export trade. The proclamation of the new Constitution has coincided with announcements of changes in the coffee and foreign exchange policies as well as the suspension of the debt service.

Close observers of the Brazilian situation have been of the opinion, for some time past, that the coffee industry had deteriorated to a point where either prompt action must be taken to remedy the position or delay might prove ruinous for the whole economic structure. The expensive valorisation schemes had merely artificially suppressed the price of coffee to the benefit of competitors, and Brazil's share of world markets had dwindled from about 70 to 50 per cent. Briefly, the statistical position is that about 25 million bags are delivered each year to the consuming markets by various other countries, but that Brazil alone produces slightly more than this quantity each year, and is able to sell only about one-half thereof. Discussions between Brazil and the other American coffee-producing countries, including Colombia, produced no agreement on the major points of quotas and price parities, and Brazil appears to have at last made up her mind to do what she should have done some years ago, namely, to cease to support the market for a commodity which is being produced in increasing quantities elsewhere. Since June, 1931, as many as 54 million bags of Brazilian coffee have been purchased for destruction, while 70 per cent. of the present season's output is being sacrificed at a cost of some £6 millions sterling, financed by note inflation, although this is hoped to restore statistical equilibrium by the end of 1939.

The exchange position may next be discussed. Since October, 1936, the United States dollar has been adopted as the basis of milreis quotations, and the equivalent sterling value of the milreis stood until a few weeks ago at 75 milreis per £. This caused surprise mingled with consternation among Brazilian producers, most of whose products, including coffee and cotton, cannot find a

ready market abroad when the rate is lower than 80 milreis. The low rate was equivalent to an over-valuation of the milreis, and the Bank of Brazil's reserves in London were largely drawn upon. Early this month the rate for sterling was raised to about 90 milreis per £, and indications of returning stringency were afforded by the imposition of quotas for import exchange and the prohibition of forward dealings. It was already evident that the Pan-American coffee discussions would prove a failure, and the recent lowering of the rate enabled Brazil to compete in the coffee markets on more favourable terms. The reports of a bumper United States cotton crop were a further deciding factor in favour of raising the milreis rate for sterling, cotton being an increasingly important product in Brazil.

There has also been a general and increasing demand in Brazil among planters for the removal or reduction of the heavy export duties which were the main cause of Brazilian coffee being kept at such high price levels, whereas Brazil, in fact, is the world's cheapest producer. In consequence a senatorial committee to study the coffee situation has now been appointed, while there has also been a reduction of 75 per cent. in the coffee export tax coupled with the temporary closing of the local coffee exchanges, pending an adjustment of the market to the new price basis. Of the original export tax of 45 milreis per bag, 30 milreis was used to purchase surplus coffee stocks, and 15 milreis was in guarantee of the interest on the Coffee Realisation Loan. This guarantee will now depend upon the margin of taxation, which is to remain equal, presumably, to only 11.25 milreis per bag.

The position of the foreign exchange market for the past year or two has been that, generally speaking, only 65 per cent. of export exchange has been available for commercial purposes, the balance of 35 per cent. being taken for Government requirements at a stipulated official rate. There has been persistent criticism in Brazil that this quota was too large and that more exchange could be devoted to commerce. There appears substantial basis for this argument. Thus, the official value of Brazilian exports for the first eight months of 1937 was about £30 millions gold, or say £50 millions sterling, which, on the basis of a full twelve months, would represent some £75 millions, of which 35 per cent. for Government account would be about £25 millions sterling. But official requirements under all heads, including the bonded debt, are believed to be only about £15 millions. According to preliminary reports, the 35 per cent. quota is to be abolished, although bondholders would be reassured to know that sufficient exchange will be bought by the Government to resume the service of the bonds on at least the basis of the Aranha scheme.

It is not known, as yet, whether the German Askri mark system will be affected. The United States, however, is already making strenuous efforts against this system, and as she supplies a large amount of "free" dollars for a great part of Brazilian coffee, she is undoubtedly able to wield considerable influence upon Brazilian policy both in respect to the bond service and normalisation of the exchange markets. The effect of the compensation mark system on Brazil's trade since 1934 is shown by the following official figures:—

	BRAZIL'S IMPORTS (£ gold)					
	From Germany	Per cent. of Total	From U.S.A.	Per cent. of Total	From Great Britain	Per cent. of Total
1934	3,569,000	14	6,027,000	24	4,365,000	17
1935	5,608,000	20	6,406,000	23	3,409,000	12
1936	7,065,000	24	6,651,000	22	3,385,000	11

German Aski marks have been obtainable since May, 1937, at 5 milreis, whereas the quotation for Reichsmarks is over 7 milreis. Although the "compensation" system has certain advantages for Brazil, it has various drawbacks which cannot be ignored. Chief among these is the manner in which the German market may alter suddenly, say from coffee to cotton; and the system tends to estrange Brazil's other large customers, particularly the United States. The Brazilian authorities have affirmed that the building up of balances of free international circulation is a measure which is intimately bound up with the main objects which the proposed Central Bank would have in view. Trade in compensation marks—and in other blocked currencies—would obviously be markedly detrimental to the attainment of this objective.

Although Brazil possesses enormous undeveloped natural resources, she must needs be dependent for many years to come upon capital assistance from abroad. Unlike Argentina, she is not in a position to repatriate her foreign debt, and she has not developed a local money market of any importance. For her own sake, therefore, she would be well advised to take no step reflecting undue nationalism without giving adequate thought to its repercussions upon the future attitude of foreign investors. It is essential that she should re-establish her credit, which this week has received an indubitable shock.

Financial Notes

The Fiduciary Note Issue.—Sir John Simon announced last Tuesday that the fiduciary note issue would be increased temporarily from £200 to £220 millions from now onwards to the middle of January. This increase creates little surprise, for it is designed to cover the Christmas expansion in the note circulation. Last August, it will be recalled, the note circulation rose to a holiday peak of £503.8 millions, with the result that the Bank's Reserve fell to £23.6 millions and the Proportion to 16.6 per cent. This week's Bank return showed a note circulation of £481.1 millions, and without the increase in the fiduciary note issue a Reserve of £46.8 millions and a Proportion of 30.0 per cent. On the precedent of previous years, an increase of about £29 millions in the note circulation may be expected between now and Christmas. Hence in the absence of any steps to meet this contingency, the Reserve would fall to about £28 millions. These figures would be rather too low for comfort.

To rectify this position, the authorities had two courses of action at their disposal. The first was to transfer gold from the Exchange Equalisation Account to the Bank of England, but this would have been diverting the Exchange Account's gold from its proper purpose. Quite apart from questions of principle, this might have been undesirable just at a time when capital (and gold) was tending to return to France. Much the better course is that actually adopted, namely, that of a temporary increase in the fiduciary note issue. As a result the Reserve this week is £66.8 millions and the Proportion 42.8 per cent. Assuming a £29 millions increase in the note circulation between now and Christmas, the Reserve by then will be £48 millions. This would leave the Bank ample room to move. There is incidentally a precedent for this action, for last December, when the Bank took over £65 millions of gold from the Exchange Account, the fiduciary note issue was only reduced by £60 millions, leaving a net expansion of £5 millions. This year, as the present Bank return shows, an expansion of £20 millions is needed. In sum, as we have frequently urged in the past, the authorities are making proper use of their instrument of a flexible fiduciary note issue.

Mr Norman's Nineteenth Year.—The Court of Directors of the Bank of England has recommended to the proprietors that Mr Norman be re-elected Governor and Mr Catterns Deputy-Governor for the ensuing year. Mr Norman thus enters upon his nineteenth year of office. He has already served as Governor during one of the most troubled periods in our financial history, and under him the functions of the Bank have been greatly developed to meet the growing needs of the time, and to enable it to carry out the present-day duties of a central bank. It is reassuring to know that Mr Norman is able to remain at his post for another year, and indeed it is almost impossible to envisage the gap which would be left by his departure. The country is also fortunate in having Mr Catterns as Deputy-Governor. Mr Catterns joined the Court and then became Deputy-Governor after many years of service with the Bank. He thus embodies Bagehot's argument that the Deputy-Governor should be appointed from within the Bank, and in first Sir Ernest Harvey and then Mr Catterns the precedent is so firmly established that it is safe to assume that it will persist.

French Credit Repayment.—For reasons discussed in previous issues of *The Economist* it has for some time been apparent that France has greatly strengthened her financial position since the beginning of the autumn. Over the week-end two new important pieces of evidence to this effect were forthcoming. The first was the reduction in the Bank of France's discount rate from 3½ to 3 per cent. announced on November 12th. This is the latest of a series of similar movements, which have brought the rate down from its peak level of 6 per cent. last July to its present level of 3 per cent. The other piece of news was of even greater significance, for it is officially announced that the French railways' sterling credit of £40 millions is to be repaid when it falls due next December. It is further announced that this repayment will be effected without any draft upon the Bank of France's gold resources. It is commonly believed that when the credit was granted it was accompanied by some form of guarantee, which will, of course, be released on the repayment of the credit. The actual resources out of which repayment will be made, however, consist, first, of the loan of Sw.Frs.200 millions (£9 millions sterling) granted to the French railways last month, and for the balance of the gold and foreign exchange resources of the French Exchange Fund. The fact that the Fund is able to find over £30 millions sterling shows the extent of the French financial recovery and repatriation of French capital from abroad during the past few months. Latest reports from Paris also suggest that there is now a much better feeling of confidence and a good impression was created by the news of the Bank of France's gold acquisition, referred to below. Much of the repatriation of French money is no doubt due to new apprehensions of conditions abroad, as well as to the growing feeling of confidence in France. Still, whatever the motive, the mere return of this money has greatly strengthened France's financial position, and has made it easier for her to bring about a real recovery. The impending repayment of the Railway sterling credit is the latest piece of evidence to this effect.

The Foreign Exchanges.—Dollars have remained weak, but the market has been supported by French sales of francs and purchases of dollars, whenever the Paris rate touched Frs. 29.41½ to the dollar. All dollars bought by the French authorities are promptly turned into gold, and gold continues to be shipped from the United States to France. The latest Banque de France return shows a gold influx last week of Frs. 3,000 millions. Gold has also gone from New York to Belgium, for the belga, which is still on the gold standard, at one time rose to the gold point of 17.08½ cents, falling back later to 17.08 cents. In spite of the steady influence of

these gold shipments to France and Belgium, sterling appreciated this week from \$4.98½ to \$5.02, though by Thursday the rate had come back to \$5.00½. The gold premium in London on Thursday was 12d. per ounce, which is lower than at the beginning of last week. Francs have been fairly steady at just over Frs. 147, with three months' francs on Thursday at Frs. 3½ discount. The French dollar purchases have prevented any appreciation in the rate. Guilders and Swiss francs have followed the dollar.

The Bank Return.—This week's return shows the effects of the increase of £20 millions in the fiduciary note issue. The note circulation is reduced since last week by £4.5 millions, and so the Reserve has increased by £24.4 millions. £20 millions of this increase represents the fiduciary note issue change. This increase was actually effected by a transfer of £20 millions of securities from the banking to the issue department, and so has not caused any enlargement of the credit base.

BANK OF ENGLAND					
	Nov. 18, 1936	Oct. 27, 1937	Nov. 3, 1937	Nov. 10, 1937	Nov. 17, 1937
Issue Department :—	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Gold	248.7	326.4	326.4	326.4	326.4
Note circulation	444.9	483.1	485.9	485.6	481.1
Banking Department :—					
Reserve	64.6	44.9	42.1	42.4	66.8
Public deposits	14.1	32.2	30.3	30.7	33.2
Bankers' deposits	96.1	87.7	89.4	90.9	86.7
Other deposits	44.7	36.6	36.6	36.1	36.1
Government securities	79.0	100.2	103.4	103.9	76.6
Discounts and advances	7.4	8.1	7.8	8.4	9.0
Other securities	21.7	20.9	20.7	20.7	21.3
Proportion	41.7%	28.6%	26.9%	26.8%	42.8%

In the banking department Government securities have fallen by £27.3 millions. £20 millions of this represents the transfer of securities referred to above, while the remaining £7.3 millions of the reduction roughly balances the part of the increase in the Reserve due to the contraction in the note circulation. Public deposits remain high, and will probably continue so until the payment of the War Loan dividend on December 1st. Bankers' deposits are reduced by £4.2 millions. They should grow again on the payment of the War Loan dividend, but also will be depleted by Christmas currency withdrawals.

The Money Market.—Although rates are unchanged, conditions this week showed a tendency to become firmer. The banks were only buying bills sparingly, and with holders unable to sell there was a good afternoon demand for loans. There was also calling by one or other of the clearing banks on Tuesday, Wednesday and Thursday of this week.

	Oct. 28, 1937	Nov. 4, 1937	Nov. 11, 1937	Nov. 18, 1937
Bank rate	2%	2%	2%	2%
Clearing banks' deposit rate	1½-1*	1½-1*	1½-1*	1½-1*
Short loan rate :—				
Clearing banks	1½-1*	1½-1*	1½-1*	1½-1*
Others	1½-1*	1½-1*	1½-1*	1½-1*
Discount rates :—				
Treasury bills	1½-1*	1½-1*	1½-1*	1½-1*
Three months' bank bills	1½-1*	1½-1*	1½-1*	1½-1*

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

It is not quite clear why the banks are beginning to hold off the market so early. Normally they are not buyers of bills during December, as they have both to pre-meet the Christmas currency demands and also to compare for the end of the year. Discount rates in consequence stiffen up during December. It may be that certain buyers are holding back now in the hope of being able to buy bills more cheaply in early December.

Royal Bank of Scotland.—The latest accounts of the Royal Bank of Scotland reveal a further expansion in the bank's resources. Deposits have risen by nearly three millions, and there is also a slight expansion in the note circulation. In addition, there is a welcome increase in acceptances, etc. It is true that on the day of last year's balance-sheet the bank's outstanding forward exchange commitments probably stood at an unusually low level as the bank had then been reducing them owing to the uncertainties over the gold bloc currencies. Still acceptances, etc., are now higher than two years ago, which points to a real improvement in this class of business.

	1935	October 9th 1936	1937
Liabilities :—	£'000	£'000	£'000
Deposits	64,009	66,801	69,674
Note circulation	2,813	2,930	3,021
Acceptances, etc.	3,734	3,534	4,226
Assets :—			
Cash	6,833	7,258	7,673
Call and short money	7,762	7,720	8,024
Investments	30,045	31,638	30,475
Treasury Bills	1,850	2,035	1,545
Other bills	1,934	2,080	2,338
Advances	21,787	22,412	26,354
Loans on securities	847	922	1,017
Net profit	629	632	636
Dividend	17%	17%	17%

Advances and commercial discounts are definitely higher than a year ago, so much so that there have been small reductions in the bank's holdings of investments and Treasury bills. Nor has the bank's liquidity in any way been impaired. These movements are satisfactory from the point of view both of Scottish commerce and of the bank itself. Net profits are slightly higher than a year ago, and the internal position of the bank must be very strong.

English, Scottish and Australian Bank.—The accounts of this bank for the year to June 30th last bear out the general experience of the Australian trading banks. As was pointed out in our October Banking Supplement, it is estimated that during the year to June 30, 1937, about £20 millions were added to London funds, half of which may have accrued to the trading banks as distinguished from the Commonwealth Bank. Thus it is not surprising to see an increase of nearly £3 millions in the cash held by the English, Scottish and Australian Bank. Advances are rather lower than a year ago, but there are increases in investments and bills receivable. Both deposits at interest and current accounts are greater than a year ago.

	1935	1936	1937
Liabilities :—	£'000	£'000	£'000
Capital	3,000	3,000	3,000
Reserve Fund	1,665	1,680	1,695
Special depreciation reserve fund	1,585	1,585	1,585
Perpetual stocks	1,873	1,873	1,873
Deposits at interest	19,577	19,710	20,937
Current accounts	12,832	13,183	14,345
Bills payable, etc.	1,844	2,011	2,741
Assets :—			
Cash	6,168	8,412	11,325
Investments	2,201	2,132	2,853
Bills receivable, etc.	4,878	3,127	4,380
Advances	28,813	29,112	27,351
Gross profits	1,025	1,103	1,181
Expenses	717	749	772
Taxation	65	96	133
Net profits	243	258	276
Dividend	5%	5%	7%

The impression left by the latest balance sheet is one of greater liquidity, but this has been achieved without any sacrifice of profits. Both gross earnings and net profits are higher than a year ago, and the dividend has been increased from 5 to 7 per cent. The directors announce the election of the Deputy Chairman, Mr S. M. Ward, as chairman in place of the late Mr Andrew Williamson.

THE STOCK EXCHANGE

South Wales and the Investor

THE survey of recovery in South Wales which appeared on page 199 of *The Economist* of October 30th showed that most of the improvement has been due to a revival of the basic industries. Less than justice would be done if the efforts of South Wales itself to prepare for recovery when it should come were passed unnoticed. To the investor, South Wales is known mainly by two large iron and steel concerns—Richard Thomas and Baldwins, Limited, and by two colliery undertakings—the Powell Duffryn group and Amalgamated Anthracite Collieries. With the exception of this last company, each of these undertakings has set its sail to benefit from the trade wind of recovery.

The vast development scheme of Richard Thomas and Company is the boldest and the most recent example of physical reconstruction in the area. The company had progressed less than the others towards preliminary reorganisation before the depression. In 1928 a committee appointed to advise on capital readjustment concluded that approximately £3,500,000 of the share capital was lost. But before specific recommendations could be made, the onset of depression threatened the whole basis of capital reorganisation. Not until the year to March 31, 1933, was even half the preference dividend earned, though a year later the full dividend was earned, with a small margin.

With prospects of recovery in sight, the directors proceeded to the long-postponed first stage of reconstruction at the end of 1934. Debenture interest was not excessive, and had, in fact, been earned in every depression year except one. Apart from the £3,500,000 capital loss, the main problem was to extinguish seven years' preference dividend arrears to March 31, 1934. The directors were, accordingly, prepared to pay the preference shareholders well for the extinction of their arrears, and offered them 1,78862 written-down ordinary shares of 6s. 8d. each in respect of each preference share held, while the ordinary shareholders surrendered two-thirds of their holdings. Thus, against arrears of 45½ per cent. before deduction of tax, preference shareholders received ordinary shares to the equivalent of 59.6 per cent. in par value, not subject to income tax, which subsequently almost trebled in market value. Later experience may well suggest that the directors could have obtained some concession from the preference shareholders for the arrears payment; since their dividend rights were left unaltered at 6½ per cent. free of tax up to 6s. in the £. But at the end of 1934 it was clearly advisable to ensure prompt acceptance of the proposals in order to introduce the second stage of technical reorganisation without delay.

The previous decade had shown that, if South Wales was to maintain its traditional leadership in the world tinplate trade, sweeping modernisation of plant was essential. The continuous mill process developed by the American Rolling Mill Company produced sheets of the highest quality at a cost far below that of the "old style" South Wales mills. The installation of such plant necessitated complete replanning of the company's production strategy and the provision of £7½ millions of new money. Finance of this order could only be raised in really favourable conditions, and when 73 per cent. of the 4 per cent. debenture issue was left with the underwriters last January, it was clear that the company was only just in time. The yield of nearly 10 per cent. now obtainable on the ordinary shares suggests that the market has some doubts whether the new plant will be completed before definite signs of a moderate industrial recession have shown themselves.

Over the next few years, in fact, investors may have

to suspend judgment on this bold plan of extension. They now have evidence of vast expenditure, swelled by the inevitable "extras"—at last July's annual meeting the chairman referred to a probable extra bill of £700,000 to £800,000. Meanwhile, loan capital has risen from 16½ per cent. of total capital to 48 per cent., and combined loan and preference capital from 58 per cent. to 70 per cent. By contrast, the prospectus estimates of last January envisaged a development period of about three years over which profits would increase modestly only (from £597,000 net in 1936-37 to £633,000 net in 1938-39), to be followed in 1939-40 by a leap to £1,130,000 net, when the new plant is expected to produce its full fruits. If these estimates are, in fact, fulfilled, the year 1940 will see 26 per cent. earned on the ordinary shares, and this might be sufficient inducement to holders of the £7,000,000 of new debentures to convert into ordinary shares at one 6s. 8d. share per £1 of stock. If all debentures were converted the earnings would be reduced to 21 per cent. on the larger ordinary capital.

Yet for the uncertain interim period inseparable from any boldly planned development scheme, the shares must be exposed to technical risks and market rumour. If 1940 does not happen to bring high industrial profits and low equity yields, the 7 per cent. earnings yield envisaged on the ordinary shares may not materialise in full, or may not be sufficiently attractive to the convertible debenture holder. After December 31, 1940, the conversion right lapses. The six months between publication of the 1939-40 accounts and the end of the year will therefore be decisive for the company's future capitalisation. If they are months of prosperity, a brilliant financial success may be achieved. A top-heavy capitalisation will be converted into one broadly based on equity shares, and the premiums on the new shares will provide large funds for writing off obsolete plant and past capital losses. But if the company is unlucky in its time-table, its bold reorganisation will have been only partially successful.

The reorganisation of Baldwins, Ltd., though a large operation, is on a smaller scale and faces fewer uncertainties than the Richard Thomas extension. In the South Wales manner, it was achieved in two stages. But by attacking the first stage as early as 1928 (when the issued capital was reduced from £8,000,000 to £4,213,568, and part of the fixed charges were converted to convertible and non-convertible income stocks), Baldwins had a fuller advantage when recovery came. The Guest Keen Baldwins' issue, which financed the second stage of physical reconstruction by the main subsidiary, was made as early as May, 1935, and took the form of a 4 per cent. mortgage debenture stock with a longer date than the Richard Thomas issue. This stock is, in effect, the only debenture outstanding for both the parent and the subsidiary companies, and it accounts for only 29 per cent. of the subsidiary's capitalisation. The Guest Keen Baldwins' income notes and 6 per cent. redeemable preference shares are all held by the parent concerns (who also own over 93 per cent. of the equity) and are not, therefore, to be counted as burdensome prior charges. Baldwins, Ltd., have themselves made arrangements for the extinction of their entire loan account for about 45 per cent., and ordinary shares for about 55 per cent., of the capital.

Baldwins' early start produced results from the new plant before depression even began to be considered. For the year to December 31, 1936, Guest Keen Baldwins'

gross profit rose from £258,897 to £609,201 and net profit earned for the ordinary shares from £34,574 to £211,395 (after £200,000 depreciation, against £70,000). Though the company distributed only £70,055 of these available equity earnings, the Baldwins' accounts for 1936 showed net earnings for the ordinary shares of £245,530, against £155,931 for 1935. It will be interesting to see in 1940 how these advantages of broad-based finance will compare with the advantages of Richard Thomas' low-cost plant. But, meanwhile, the market rightly values Baldwins' shares to yield substantially less than those of Richard Thomas.

South Wales is synonymous with coal to many an investor, whose first thoughts turn to Powell Duffryn. That company's reorganisation presented a less difficult problem at the outset than the Richard Thomas or Baldwin schemes. Profits had fallen from 1925 onwards, but the small preference dividends were usually met, and were in any case non-cumulative. The preliminary stage, therefore, involved no capital reconstruction, and the company was able to proceed, some time before the last depression, with the raising of capital for physical reconstruction and development. The terms of the various construction and development. The terms of the various note and debenture issues were fairly onerous, but the directors prudently reserved rights to effect early redemption. Consequently, in the early stages of recovery, the old 7 per cent. debentures were converted to 5½ per cent., and then, barely a year later, to 4½ per cent. Finally, by the end of 1935, the whole of the loan capital was extinguished, leaving only 14 per cent. of the capital in non-cumulative preference stocks and shares.

Meanwhile, by amalgamating its own assets with those of Welsh Associated Collieries (affiliated to the Guest Keen group) to form the new operating subsidiary, Powell Duffryn Associated Collieries, the group has become easily the largest colliery undertaking in the country. Its productive capacity exceeds 20 million tons a year, and its coal reserves amount to 1,700 million tons. In addition, it operates a full range of by-product plants, a large wagon and steamship service, and two world-famous coal merchanting organisations. In the year to March last, conditions in South Wales coal export markets were not good, yet the Powell Duffryn Steam Coal Company (the joint parent concern) was able to distribute 7 per cent. on its ordinary capital out of earnings of 7.1 per cent., while drawing only 75 per cent. of available earnings from the operating subsidiary. On its record to date, this concern would appear to offer one of the safest of the South Wales heavy industrial equities. Yet the market has never taken warmly to the shares, and now values them to yield 6.6 per cent. The risk premium against strikes or falling exports is evident.

Only brief reference need be made to the one disappointment among the leading South Wales companies. Despite promising objectives in the amalgamation of 1923, Amalgamated Anthracite is generally considered to have paid a generous purchase price for its undertakings, and the first measures towards reconstruction in the early recovery period were swamped by heavy new debenture commitments. Improving general conditions have so far failed to increase the group's profits, and the preference dividend is nearly three years in arrears. The nominal price of 2s. 3d. for the £1 ordinary shares demonstrates that the market has no firm conviction that the management will be able to achieve a normal earnings basis on its present capitalisation under existing conditions.

This discussion suggests at least that South Wales is still capable of bold enterprise on the largest scale, conjoined with patient reconstruction requiring years for its fulfilment. Where bold venture does not demand bold finance, however, experience has deeply underlined the disadvantage of high prior charges. The general investor in 1940 may perhaps find Richard Thomas and Powell Duffryn in sound example of Baldwins and Guest Keen in eliminating loan capital; but meanwhile, in considering South Wales shares, he may well heed the South Wales policy of avoiding highly-g geared stocks wherever possible.

Investment Notes

"Plus Mr Roosevelt Change . . ."—Ordinary share prices on the London Stock Exchange have drifted aimlessly and cheerlessly lower this week, without excitement and without resistance. The tone, indeed, has been set mainly by Wall Street, where President Roosevelt's message to Congress, on Monday, was a great disappointment. There was, in fact, little justification for the suddenly born expectation which gained currency last week that the President was about to move sharply to the right in his attitude to business. Few business men could have dared to expect a complete relaxation of New Deal restrictions upon speculation, corporate devices to avoid taxation, monopolies, and the whole nexus of devices included by the President in his term "economic royalism." The President's message shows that the Administration is prepared to do something about the business depression, but nothing to modify its fundamental attitude to economic affairs. Measures will be prepared for the building, utility, railroad and other industries in difficulties, but in the same message the business world is reminded that speculation, monopoly, regressive taxation, and so on, are to be discouraged. It seems also that although the Government will stimulate the private industry of those whom it calls good business men, and frown upon the wicked, the new stimulus is not to be merely a revival of large deficits; the Budget is still to be made to balance. It is perfectly natural that to such a programme the market response should be unfavourable. The most probable outcome is not a return to the freedom which private industry enjoyed before the depression, but a consolidation of the Government's control over economic affairs. The aim of the Administration is still to enlarge the national income and secure a more equitable distribution of that income. This may be a consolation for the social reformer, but it does not encourage the speculator. For the investor, at least, the sun will shine another day, but the immediate future for the stock market remains uncertain.

* * *

Australia Converts Again.—The authorities have taken advantage of the present strength of gilt-edged securities to introduce the long-expected Australian conversion issue. Like its forerunner last June, this is a re-conversion of an issue which itself represents one of the early operations in Australia's long conversion innings. The latest issue is of 3½ per cent. stock, offered at 97 and dated 1951-54. It replaces the £11,409,965 of 3½ per cent. 1937-38 stock issued in June, 1933. Cash lists opened and closed on Thursday, but the conversion lists remain open until the end of next week. The original stock was purposely designed as a "short" to attract the money houses, and it is substantially held by these institutions, to whom the attractions of a loan with an average life of 15 years must necessarily be somewhat inferior. The issue price of the new stock, however, was somewhat below the price of the June issue of 3½ per cent. stock, dated 1950-52, which on the announcement of the issue stood at 98½. Since, however, the conversion lists remain open for a further week, it is evident that the attractions of the new scrip to the cash subscriber will vary according to the trend of the gilt-edged market during this period. From the longer viewpoint, the British investor now appreciates that although Australia remains fundamentally a "one commodity" country, she is better prepared, thanks to six years' careful budgeting and political stability, to meet the consequences of any moderate fall in wool prices which may occur. The volume of sterling reserves held by the Dominion in London is impressive. And the conversion of £222½ millions of debt to a lower interest basis since 1932 has relieved the Australian budget of over £A4 millions in interest charges. This conversion issue, incidentally, is the last of any size before 1940, when substantial issues are optionally callable. If cheap money has, in fact, become semi-permanent, Australia may thus be able to count on further benefits in store.

Brazil Recants.—Is there a more thankless occupation than that of the foreign bond jobber? Ten days ago President Vargas announced a "temporary" suspension of debt payments on Brazilian obligations. Exactly a week later the Brazilian foreign minister has announced that the debt service will be maintained until a new agreement is reached. The second announcement, however, has not undone all the damage caused to Brazilian credit by the first. Whether there is any substratum of truth in the suggestion that Brazil has been influenced by the possibility that an exchange clearing—to which she would be distinctly vulnerable—would be set up, it is impossible to say. Before the news of the recantation was received, dealers in the London market decided (though not unanimously) to resume dealings shortly after noon last Monday. By the close of business falls of 22½ points on the 1898 Funding and 17½ points on the San Paulo Coffee Sevens were registered. A marked recovery, however, carried the 4 per cent. sterling ("Vargas") bonds of 1936 ten points above their lowest level at 85 on Monday, following a statement by Messrs N. M. Rothschild and Sons that the service of this issue would be unaffected by the suspension. On Tuesday dealings were still difficult to negotiate, and further heavy falls resulted. A late improvement on Wednesday proved portentous, for the news was received long after the market had closed that Brazil did not intend, after all, to default.

The course of dealings, including the big recovery on Thursday, is shown:—

Stock	High 1937	Nov. 10	Nov. 15	Nov. 17	Nov. 18	Net fall from Nov. 10
4% "Vargas" 1936.....	98½	95½	85	90	95	½
5% Funding 1898.....	102½	92½	70	65	70	22½
5% Funding 1914.....	89½	69½	55	48½	60	9½
7% Coffee Realisation ..	100	82½	65	60	69	13½
6% 1927	49½	33½	23	25	28½	8
5% 1903	45½	32½	18½	15½	24	8
4% 1889	28½	16½	13½	13	14½	2
5% 1913	32½	21½	13½	13	17	4½

The Brazilian Government has backed this week's announcement by the transmission of service moneys for coupons due on November 15th. These funds, incidentally, include the sinking fund service on the 1898 Funding issue and next January's coupon and sinking fund payment on the "Vargas" bonds. January 1st next, indeed, is a critical date for the discovery of Brazil's real intentions. A number of payments fall due on that date, and normally the Brazilian authorities would be providing service funds for the payments during December. The market, therefore, is still in a state of relaxed tension, and it is not to be expected that Brazilian bonds will fully regain their earlier levels.

Investors and the Coal Bill.—The direct investment repercussions from the Coal Bill (which is reviewed on page 346) are few, but the coal shareholder and the trustee investor can each draw interesting conclusions from its clauses. The "vesting" of royalties as from January, 1942, will not, in the first place, affect the liability of the individual mines for royalty payments. Terms of acquisition of royalties have been settled by arbitration at fifteen years' purchase of the annual royalty payments. The capital sum involved—£66,450,000—will be an obligation of the Coal Commission, but may be backed by Treasury guarantees. If this course is followed, a 3½ per cent. stock, say, with 1 per cent. sinking fund would require £2,825,000 annually on a par basis (or £3,250,000 if the Coal Commission issued stock up to its maximum powers), and would be extinguished in 45 years. Meanwhile, the surplus between royalty revenue and the loan service, which can be placed at £1.2 millions to £1.6 millions, would be applied to reduction of underground wayleaves, and eventually to the equalisation of rents in different pits and different regions. These advantages will revert to the coal shareholder only in the long term. The pro-

visions for consolidating mixed leases in one colliery undertaking are of more immediate importance, for such consolidation may be effected by the Commission in the interim period before royalties are vested in the Coal Commission. This provision is a matter of considerable practical importance, since maximum underground efficiency is often obstructed by the existence of mixed leases. Finally, the procedure for compulsory amalgamation does not become effective until 1940, and has been greatly modified. In the last resort, the equity of the amalgamation plans submitted by the Coal Commission will come before the Railway and Canal Commission for approval. Such amalgamations will presumably affect the shareholder in public colliery undertakings less than the owner of private pits, but they may, in course of time, greatly increase the number of undertakings known to the investor.

In Gearing Unity.—The Cornhill Trust of Bank and Insurance Shares and British Government Stocks, which was formed by Trust of Insurance Shares, Limited, is of historical interest. Essentially, it is a flexible, managed trust, but its units are of two kinds, 4 per cent. £1 debenture units, redeemable at 5 per cent. premium in 1952, and deferred units, which carry the residual equity in the fund. The debenture units are guaranteed by the Equity and Law Life Assurance Society. The initial 600,000 units offered to the public at 20s. 6d. were over-subscribed, and additional units have been created. Debenture units must never exceed 60 per cent. of the mean market value of the trust fund and must not be sold below £1. The obvious intention is to provide a unit with a secured income of approximately 4 per cent., a satisfactory surplus "cover" for both principal and interest, and a reasonable protection against a possible future fall in value due to a rise in general interest rates. The maximum life of the debenture units—fifteen years—puts them in the "short-long" category, and the prohibition of further issues at a discount will automatically put a brake on their creation if interest rates rise in the intervening years.

The backing of these debenture units will in fact (apart from the Equity and Law Life guarantee) consist mainly of ordinary shares; for a banking or insurance company debenture is *pari passu*. At the moment, according to the Actuaries' Index, the yield on Consols is 3.39 per cent., on representative bank and discount company shares 4.17 per cent., and on insurance company shares 3.56 per cent. The income for the trust's debenture units, however, will be satisfactorily covered, since it will be obtained from a corpus of securities whose market value will exceed the nominal amount of debenture units by approximately 66 per cent. The surplus of income available for the deferred units, however, will obviously not be large. An initial issue of 600,000 of these deferred units has been privately subscribed at an average price of 15s. 9d. a unit. Their appeal—particularly to wealthy investors who are surtax payers—will be less on grounds of income than of capital appreciation. The underlying securities have been chosen in a market where the factor of capital increment is particularly important. The effect of the trust's own gearing is to concentrate future capital accretions on units representing only approximately 40 per cent. of the total. The promoters have ingeniously catered for opposite tastes, but simultaneously to bestride two mettlesome steeds, which in future may conceivably pull unequally and in opposite directions, will call for high qualities in the *manège*. And the promoters have not succeeded in combining unit organisation with gearing without the sacrifice, for the deferred units, of liquidity.

F Rail Traffic Trends.—Since the 5 per cent. increase in freight rates and passenger fares was imposed at the beginning of October, the weekly railway traffics have been disappointing. Week by week there have been

GOVERNMENT OF THE COMMONWEALTH OF AUSTRALIA CONVERSION LOAN.

Offer of Conversion to Holders of

£11,409,965 Commonwealth of Australia 3½ per Cent.
Registered Stock and Debentures, 1937-1938,
into

GOVERNMENT OF THE COMMONWEALTH OF AUSTRALIA
3½ PER CENT. REGISTERED STOCK, 1951-1954,
at the Rate of £97 per Cent.

Interest payable 1st February and 1st August. — Six Months' Interest will be paid on 1st August, 1938.

The Government of the Commonwealth of Australia will comply with the requirements of the Colonial Stock Act, 1900, in order that Trustees may invest in the Stock, subject to the provisions set forth in the Trustee Act, 1925.

Commonwealth Bank of Australia is authorised by the Government of the Commonwealth of Australia to offer to holders of £11,409,965 Commonwealth of Australia 3½ per cent. Registered Stock and Debentures, 1937-1938, maturing 1st February, 1938, Conversion, in whole or in part, into an equal nominal amount of Government of the Commonwealth of Australia 3½ per cent. Registered Stock, 1951-1954.

Principal will be repaid in London at par on 1st February, 1954, the Government having the option to redeem the Stock at par, in whole or in part, on or after 1st February, 1951, on giving three months' notice by public advertisement. The Loan, which has been approved by the Australian Loan Council, is authorised by Acts No. 25 of 1919, No. 5 of 1928 and No. 4 of 1929 of the Parliament of the Commonwealth of Australia, and is issued in accordance with a law passed by Parliament by which the Commonwealth of Australia, as from 1st July, 1929, took over the debts of the various States. The direct liability of the Commonwealth to Stockholders and Bondholders in respect of the Loans so taken over was confirmed in the Financial Agreements (Commonwealth Liability) Act, which became law in March, 1932.

Holders accepting the offer of conversion must lodge their acceptances on the appropriate forms at COMMONWEALTH BANK OF AUSTRALIA, 8, Old Jewry, London, E.C.2. These forms have been posted to the Stockholders or, in the case of joint accounts, to the Stockholder first named in such accounts.

Holders of Commonwealth of Australia 3½ per cent. Debentures, 1937-1938 (interest on which is paid by coupons) may obtain the necessary forms for conversion on application to COMMONWEALTH BANK OF AUSTRALIA, 8, Old Jewry, London, E.C.2.

Holders who convert will receive on 1st February, 1938, a cash payment of £3 per cent. representing the difference between the issue price of the new Stock and the redemption price of the old Loan. They will also receive the usual six months' interest payable on that date.

Six months' interest on the new Stock will be paid on 1st August, 1938.

Any Commonwealth of Australia 3½ per cent. Stock and Debentures, 1937-1938, not converted will be paid off at par on 1st February, 1938, together with the six months' interest then due.

The Stock now offered will be registered and transferable in any amount by deed, free of stamp duty, at Commonwealth Bank of Australia, 8, Old Jewry, London, E.C.2. Interest Warrants of Australia, 8, Old Jewry, London, E.C.2. Interest Warrants will be transmitted by post at the Stockholder's risk, and in the case of joint accounts the warrants will be forwarded to the person first named in the account unless instructions to the contrary be given.

Commonwealth of Australia Stock issued and payable in London and the interest thereon, the property of persons not domiciled in Australia, are not, and will not be, subject to any taxes, duties or levies in Australia.

All Commonwealth loans, all loans issued by the several States and now taken over by the Commonwealth, and all loans guaranteed by the Commonwealth, carry a Sinking Fund in accordance with the provisions of the National Debt Sinking Fund Acts.

In the case of all such loans, the following contributions to the Sinking Fund must be made out of Commonwealth and State Revenues:—

- On the present Conversion Loan and on all loans existing on 30th June, 1927, including such loans when converted into other loans, a minimum of 7s. 6d. per £100 per annum.
- On any new loans 10s. per £100 per annum.

The List for Cash Applications opened on Thursday, 18th November, 1937, and were closed at 3.30 p.m. on that day. The List for Conversions will remain open until 3.30 p.m. on Friday, 26th November, 1937.

The Sinking Fund moneys made available by the National Debt Commission for use in London during the year ending 30th June, 1938, including the unexpended balance brought forward from the previous year, amount to £4,266,000 sterling.

Commonwealth Bank of Australia is further authorised to offer for subscription in cash Government of the Commonwealth of Australia 3½ per cent. Registered Stock, 1951-1954, to an amount sufficient to make up, with the Stock and Debentures converted, the above total of £11,409,965.

PRICE OF ISSUE £97 per cent.

Payable £ 5 0 0 per cent. on Application.
£27 0 0 " " 2nd December, 1937.
£65 0 0 " " 1st February, 1938.

£97 0 0 per cent.

An Interest payment of 4s. per £100 Stock will be made on 1st February, 1938.

Cash applications on the prescribed forms will be received at COMMONWEALTH BANK OF AUSTRALIA, 8, Old Jewry, London, E.C.2, and must be for even amounts of £100 of Stock and be accompanied by a deposit of 5 per cent. on the nominal amount applied for.

In the event of partial allotment, the surplus from the amount paid as deposit will be appropriated towards the payment due on 2nd December, 1937, and any balance will be returned to the applicant. In case of default in the payment of any instalment at its due date the amount previously paid will be liable to forfeiture, and the relative allotment to cancellation.

Payment in full may be made on or after allotment, but no discount will be allowed.

Scrip Certificates to Bearer in respect of Cash Allotments, in denominations of £100, £500 and £1,000, will be issued in exchange for Allotment Letters, and when fully paid, will be exchangeable for Registered Stock on presentation at Commonwealth Bank of Australia, 8, Old Jewry, London, E.C.2. Interest coupons for 4s. per £100 Stock, payable on 1st February, 1938, will be attached to the Scrip Certificates.

The revenues of the Commonwealth of Australia alone are liable in respect of this Stock and the Dividends thereon, and the Consolidated Fund of the United Kingdom and the Commissioners of His Majesty's Treasury are not directly or indirectly liable or responsible for the payment of the Stock or of the Dividends thereon, or for any matter relating thereto.—40 and 41 Vict. cap. 59, sec. 19.

A commission of 5s. per £100 Stock will be paid to Bankers and Stockbrokers on allotments made in respect of conversion acceptances and cash applications bearing their stamp.

Prospectuses, with Statistical Statement relating to the Commonwealth of Australia, may be obtained from Commonwealth Bank of Australia, 8, Old Jewry, London, E.C.2; from Messrs. R. Nivison & Co., 6, Threadneedle Street, London, E.C.2; or at the Offices of the Government of the Commonwealth of Australia, Australia House, Strand, London, W.C.2.

Commonwealth Bank of Australia,

8, Old Jewry, London, E.C.2.

17th November, 1937.

regular gains, but on a very much smaller scale than the market had anticipated. According to the evidence submitted to the Railway Rates Tribunal, the increase in charges was estimated to produce extra gross revenue of £100,000 to £110,000 a week. But during the last six weeks the average weekly gain, compared with last year, has been no higher than £147,000, whereas, for the six weeks before the higher charges were imposed, the average gain was as much as £114,000. The following table shows the position for each of the four railways:—

	INCREASES IN WEEKLY TRAFFICS				
	G.W.R.	L.M.S.R.	L.N.E.R.	S.R.	Total
	£'000	£'000	£'000	£'000	£'000
Average of the six "pre-increase" weeks	26	42	37	9	114
Week of imposition of increase	39	47	40	20	146
Average of the six "post-increase" weeks	25	64	46	12	147
Expected gain from higher charges...	19	45	33½	10	107½
Average "post-increase" change	-1	+22	+9	+3	+33

Thus, the Great Western has actually been gaining less since the increase in charges than it was previously gaining; the Southern and the L.N.E.R. have added to their weekly gain less than one-third of what was expected of them, while the L.M.S. has apparently gained about one-half of its expected benefit. In sum, the average increase of £33,000 per week for the four companies falls far short of the expected additional gain of £107,500 a week after the increase of charges. For this somewhat disappointing record one of two major explanations may apply. First, the volume of traffic may have been falling or, rather, failing to increase over last year's level at the September pace. This interpretation is supported by the October unemployment returns, but its acceptance is hardly encouraging for holders of railway stocks. An alternative explanation may lie in the suggestion that the companies have been unable, in practice, to pass the full 5 per cent. increase on to their consumers, and that a time-lag must elapse before the full fruits of the increase are received. Comparison between the records of passenger and goods traffics suggests that the companies may have been more successful in retaining the former than the latter; the passenger increase has risen from £34,500 a week before the higher charge to £53,000 afterwards, while goods increases have advanced only from £79,500 to £94,000. But according to either explanation this would be so. Certainly, since the beginning of October the outlook for rail stocks has become less favourable.

Company Notes

Bass, Ratcliff and Gretton.—Even the best brewing reports fail to stir the market, and the increased dividend and profits of Bass, Ratcliff and Gretton put the shares only 1s. 3d. higher. Yet this company's figures deserve a good mark. Total income has increased from £1,403,573 to £1,474,681, and the amount earned for the ordinary shares from £584,512 to £611,185. It appears that the rate of advance in net profits is slowing down, but the provision of substantially increased charges for depreciation renders a strict comparison of net profits rather difficult. As they stand, however, the results are good, and the 25 per cent. tax free dividend is covered with the usual margin of 2 per cent. Meanwhile the balance sheet provides its usual demonstration of strength. But it is significant, perhaps, that the directors have reduced the enormous cash holding from £1,556,938 to £1,366,340 by purchasing a corresponding amount of British and Dominion funds. At September, 1935, these holdings totalled only £83,083; the present total is £453,673. Such investment policy accords with

recently developed ideas on the future strength of the gilt-edged market. The results of the past three years are analysed below:—

	Years to June 30th		
	1935	1936	1937
Brewery profits	725,846	802,324	837,005
Rents, etc.	587,679	601,249	637,676
Total income	1,313,525	1,403,573	1,474,681
Rents, taxes, repairs, etc.	329,831	375,564	406,117
Depreciation	167,824	169,975	186,401
Directors' fees	8,700	8,700	8,280
Debenture interest	198,834	196,822	194,698
Preference dividends	68,000	68,000	68,000
Ord. shares (tax free):—			
Earned	540,336	584,512	611,185
Paid	491,841	536,554	558,310
Earned %	24.2	26.1	27.3
Paid %	22	24	25

Carried forward 618,571 666,529 718,804

Bass shareholders might argue that they are not as other brewery shareholders. Their company sells a branded product on a national scale, and does not operate a tied house system in a limited district. The consequence is a much reduced industrial risk, and, broadly speaking, more stable ordinary dividends, achieved and in prospect. Secondly, the marked change of taste from draught to bottled beers has produced benefits of a secular order for the company. The division of the distribution between a 20 per cent. dividend and 5 per cent. bonus may, indeed, be taken as a rough guide to potential basic dividends in future. Bass £1 ordinary rank among the best brewery shares, and at 133s. they yield £5 4s. 6d. per cent. on a gross basis.

The Week's Brewery Results.—The flood of brewery reports, covering different parts of the country, shows, in general, a greater improvement than the modest dividend increases would suggest. The market at first gave the Ansells Brewery preliminary figures a cold welcome. The rapid progress of recent years, coupled with the Thomas Plant and Company acquisition about a year ago, certainly justified hopes of a substantial increase in profits, and a 22 per cent. rise in total profits to £758,688 (against £620,237) cannot be considered disappointing. Earnings for the equity are £108,000 higher and represent 36.2 per cent., against a 17½ per cent. payment, on the £2,000,000 ordinary capital. The allocations to property and other reserve are again substantial, at £250,000. Ind Coope and Allsopp have announced an unchanged dividend of 27½ per cent. This does not necessarily imply stable profits, for distributions in the past have been conservative. Lower provisions for improvement and general reserve are offset by the allocation of £80,000 to writing down bottling plant, and total additions to reserves and carry-forward are somewhat higher than in 1935-36. Another company paying the same dividend (15 per cent.) is Northampton Brewery Company, whose total profits are £25,200 higher at £241,117. In the two previous years earnings only just covered dividend payments, but 22 per cent. has been earned in the latest year, despite increased depreciation. The case of Fremains, Ltd., of Maidstone, is somewhat different, for although the unchanged 10 per cent. dividend is covered by earnings of 22.2 per cent. against 20 per cent., trading profits are a trifle lower. The improvement is due, apparently, to the receipt of an unstated amount from subsidiaries out of past profits. Morgans Brewery Company, operating in the Eastern counties, have followed up their unusually steady profits record with a satisfactory increase in total profits from £138,663 to £163,722. This improvement, however, may be due in part to a new acquisition last November. A similar trend is shown by Stroud Brewery, whose latest profits are the highest in a decade. This company pays 17½ per cent. against 17 per cent. W. Butler and Company, of Wolverhampton, also increase their tax-free dividend by 1 per cent. to 18 per cent. Reserve allocations are unchanged, but £17,000 is added to the carry-forward. In general the results reflect improved pur-

chasing power, which has benefited reserve and improvements funds more than shareholders' pockets. Such conservatism, however, appears to take account of further increases in costs, and brewery shares generally are adjusted to a 4½-5 per cent. basis. The necessity for adequate property reserve provisions was suitably stressed by Sir William Butler at the Mitchells and Butlers meeting on Thursday. Such provisions make an appreciable contribution to the long-run equity prospects of brewery shares.

A New Film Deal.—It is reported in the press that a deal has been concluded whereby London Films has acquired a one-half interest in the United Artists Company of America. The transaction is said to involve the purchase of the separate interests of Mary Pickford, Douglas Fairbanks and Charles Chaplin, by Samuel Goldwyn and Alexander Korda, each of whom—sellers as well as buyers—now owns a one-fifth interest in United Artists. Messrs Goldwyn and Korda acquired an option some months ago for the remaining shares at \$2,000,000 each, which explains the total of \$6,000,000 (or £1,200,000) referred to in the press notices as the purchase price involved in the transaction. Whether the negotiations (in which Mr E. H. Lever of the Prudential Company, is participating) have been between Mr Goldwyn and Mr Korda, as to the respective shares they were to have in the company, or with the vendor members for terms more favourable to the buyers, the published information has not so far disclosed. The tangible assets belonging to the company consist of the benefit of all films completed and in course of exploitation, of contracts for distributing the films of Goldwyn, Wanger, Korda, and others, for a number of years, and a world-wide distributing organisation of great efficiency. We can express no opinion about the value of these assets in the absence of authoritative information about the company's financial position. It may be that the purchasers have driven a keen bargain, and that the assets to set against the price of \$6,000,000 are conservatively valued. But such conditions have certainly not applied to all film deals in the past.

Dorman Long Results.—The Dorman Long preliminary figures and dividend provide an admirable illustration of the difficulties with which the steel share market has now to contend. The figures themselves are excellent. The gross profit of the group has increased by 24 per cent.—from £1,108,258 to £1,375,418. But the directors have had to allocate an extra £50,000 to depreciation, bringing the total allowance to £300,000, and they have also provided £152,208 for taxation, whereas last year nothing was charged in the profit and loss account. Moreover, £200,000 has been set aside to general reserve. Despite the healthy increase of profit, the board has consequently been able to increase the dividend on the preferred ordinary shares from 14 per cent. to only 18 per cent. and the dividend on the increased ordinary capital from 6 per cent. to only 10 per cent. Thus, although the market could hardly have anticipated a bigger advance in trading profit, its estimates of dividend possibilities were altogether too high, and the ordinary shares, which at the end of last week stood at 42s. 6d., have been marked down to 35s. Even at this level they yield just over 6 per cent., and their prospects hardly merit a less conservative valuation. In an industry which is highly sensitive to cyclical trade fluctuations, this company is one of the most vulnerable units, for it concentrates upon constructional work. And its highly-g geared ordinary shares are, of course, doubly vulnerable.

Tate and Lyle Stability.—It takes a handsomely increased dividend to please the market nowadays, and the mere maintenance of the Tate and Lyle distribution was followed by a slight fall in the shares. The 18½ per cent. dividend conforms with the new basic rate since the capital was increased in 1935, and the disclosed profits have revealed a similar stability. From the pre-

liminary statement it is possible to compute that net profits, after debenture interest, were approximately £700 higher at £1,227,553, compared with the previous year's level. The dividend, on this basis, is apparently covered by precisely the same margin of earnings as a year ago. The following table illustrates the stable record of the undertaking during the past three years:—

	Years ended September 30th		
	1935	1936	1937
Trading profit	1,183,907	1,192,315	...
Dividends and rent	179,233	132,100	...
Fees	7,098	7,013	...
Debenture interest	91,250	90,562	...
Net profits.....	1,264,792	1,226,840	1,227,553*
Preference dividend	71,500	71,500	71,500
Ordinary shares:—			
Earned	1,193,292	1,155,340	1,156,053
Paid	870,400	868,700	868,700
Earned %	27.0	26.2	26.2
Paid %	18.2857	18½	18½
Reserves	310,000	284,000	300,000
Carry forward	56,233	58,874	46,227

* Computed.

Behind this screen of unchanged earnings, however, important changes affecting the company's operations have been proceeding for some time. Tate and Lyle has exchanged its beet sugar interests for holdings in the British Sugar Corporation, which will probably carry a well-secured but fairly stable return—a stability which will be enhanced by the agreement between the beet sugar industry and the refiners. But important improvements are being made to the refinery plants, the benefits of which are probably not fully reflected in the latest profits. And meanwhile the company has been actively extending its interests in Colonial sugar-growing companies, which should, in time, provide important fiscal benefits for the company. The £1 ordinary shares, however, stand at 76s. 6d. ex dividend, and offer a well-secured but not exhilarating yield of £4 15s. 6d. per cent.

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Electric and Musical Industries Developments.—

Mr Alfred Clark's survey at the Electric and Musical Industries meeting tends to confirm our recent inferences from the accounts regarding the steady consolidation of the varied interests of the concern to combine allied manufacturing processes and complementary seasonal demand. In the radio business the company has achieved a leading position, and prices remain subject to orderly control. Signs of revival in the gramophone section have been evident during the last two years, while the younger household appliance section has substantially increased its sales. Wireless sets and accessories, however, contributed the greater share to total profits. Turnover in television receiving sets has, however, been disappointing, despite the considerable technical advance which this department achieved last year. The chairman challenged the prevalent notion that the price of television sets is the main restricting factor. Radio-gramophones and television sets were comparable in price, yet the former had been readily sold. He found a more convincing reason in poor entertainment value of television broadcasts so far developed. Mr Clark's comments upon the Rudge-Whitworth acquisition were especially interesting. Bicycles, gramophones and radio sets have many similar manufacturing features, and they are frequently sold by the same dealers. In particular, the new interest will even out production "peaks," since the seasonal demand for cycles differs from the peaks for other products. An immediate contribution to profits from Rudge-Whitworth, however, must not be expected, for the company is erecting a new factory, since the Coventry plant is already operating to capacity. This policy of diversified development should have the approval of shareholders.

Re-armament Company Profits.—Recent reports from companies engaged in re-armament work show no general uniformity, whether on the aircraft or naval construction side. In last week's *Economist* we emphasised the contribution by Armstrong Siddeley to the increased profits of Hawker Siddeley Aircraft. This company's offer of 2,000,000 £1 5 per cent. redeemable preference shares, carrying option rights to subscribe for ordinary shares, was made on Thursday and was over-subscribed. The need for this issue, which will repay loans of nearly £1,400,000 to finance extensions, was explained fully by Mr T. O. M. Sopwith at last Monday's meeting. He emphasised, however, that the commercial side of the enterprise was also expanding. The full Armstrong Siddeley Development report confirms this argument, for total profits, before tax, amount to £766,328, against £527,851 for a 10-month period—a rise of 45 per cent. Since a new charge for interest absorbed £53,791, the ordinary shares earned £162,600 more at £481,155, covering the 150 per cent. dividend with a small margin. Parnall Aircraft, whose results were referred to in last week's issue, showed satisfactory progress and the reduction of the debit balance, coupled with the chairman's optimism, has encouraged hopes of a maiden dividend this year. The shares, however, stand at a much deflated level. On the naval re-armament side, two recently issued reports show inconsistent results. Total profits of Yarrow and Company, in fact, fell from £38,230 to £32,601; the 15 per cent. dividend was maintained, but the allocation to reserve was reduced from £15,000 to £5,000. The meeting on December 1st may disclose to what extent this result is due to expenditure on improvements. The balance sheet, in fact, shows an increase of some £12,000 in fixed assets. John I. Thornycroft & Company, who combine motor vehicle manufacture with shipbuilding, have made a large step towards a resumption of ordinary dividends. Total profits of £125,502 for the year to July 31st were nearly 125 per cent. higher and the payment of six years' preference arrears still leaves a surplus of £37,423 available for the preferred ordinary and ordinary shares. The whole amount, however, has been added to the carry-forward. Assuming normal preference dividends and full preferred ordinary participation, as much as 29 per cent.

was earned for the ordinary shares. Such a rate of expansion can hardly be guaranteed, though immediate prospects seem favourable.

Investment Trust Trends.—The latest investment trust results, though devoid of surprise, make on the whole a good showing. In general, the rate of recovery has been accelerated, and in many cases increased dividends have been declared. The six companies whose reports are analysed below are typical of the recent trend:—

Company (years to Sept. 30)	Total Revenue	Equity Stock earned		Div.	Portfolio		Ord. Stk.	
		Amount	%		Ord. Shs.	Gt. Brit.	Price	Yield
Sec. Scott. Inv.†—								
1935	235,933	21,985	9.3	3½	53	37	8/9	4.1
1936	246,195	28,840	12.5	5	5	37	(5s.)	
1937	271,163	46,247	20.4	7	5	37		
Sec. Investors' Mtg.								
1935	183,936	50,021	12.8	9	46½	46½	227	4.4
1936	176,410	45,728	11.9	9	46½	46½		
1937	193,072	58,943	15.5	10	46½	46½		
Clydesdale Inv.—								
1935	111,130	23,502	7.5	5	27	34	130	4.6
1936	113,744	26,438	8.6	5	31	47		
1937	120,335	31,046	10.2	6	36	49		
Scott. Nat. Tr.—								
1935	103,186	15,129	4.8	2½	49	57	89½	5.6
1936	108,907	19,070	6.2	3½	55	55		
1937	121,636	28,280	9.3	5	58	57		
Southern Stkholders								
1935	54,023	25,377	2.5	2½	47	38	14/6	5.5
1936	70,312	31,143	3.1	3	50	32	(21)	
1937	85,482	52,051	5.6	4	53	36		
Rly. & Gen. Inv.—								
1935	55,054	8,418	5.3	3	41	46	100½	4.5
1936	56,934	9,998	6.5	4	40	34		
1937	61,021	11,927	7.8	4½	45	34		

† Years to October 5. * Revenue includes arrears in excess of one year's income: 1935-36, £4,306; 1936-37, £4,580. Portfolio analysis on valuation basis 1936 and 1937. ‡ No analysis given in report. § From Chairman's speech.

In two instances, *Scottish National* and *Second Scottish Investment*, the gearing factor has produced an increase in equity earnings of the order of 50 per cent. The latter company, indeed, has set aside as much as £30,000 from the surplus over its 7 per cent. dividend to write down investments, a sum which greatly exceeds its ordinary dividend payment. Although the proportion set aside by other companies is not so high, substantial amounts have usually been provided, and the dividend payments have been increased in conformity with the traditional conservatism of investment trusts. In the present state of the stock markets, the position of investment portfolios disclose no marked or uniform trend either in geographical distribution or in equity holdings during the past year, but current valuations show a depreciation on book values in every case, varying between a fractional percentage to as much as 10 per cent. Trust chairmen rightly stress the importance of earning power rather than capital values, but the latter may exert a strong indirect influence on dividends through the necessity for writing down investments. *Southern Stockholders* provides an interesting, though not necessarily typical, example. In recent years, accumulated losses on sales were shown in the balance sheet. This balance was gradually reduced. In 1935-36, for example, £10,000 was provided before striking net revenue. Capital profits in 1936-37, which almost equalled total revenue, wiped out this and other debit balances with £40,000 to spare. The outlook for investment trusts should continue favourable, for companies have not exhausted the benefits of the time-lag and have much-replenished reserves. But current yield levels are no more than adequate.

Mexican Eagle Deal.—No share has to bear with a greater volume of conflicting report than Mexican Eagle. A few days ago rumours were in circulation that the Mexican Government have decided to expropriate the properties belonging to the Standard Oil Company.

THE WEEK IN THE MARKETS

THE STOCK EXCHANGE

SETTLING DAYS

TICKET: NOVEMBER 30 ACCOUNT: DECEMBER 2

Spirits in the "House" have become damper this week. Mr Roosevelt failed to produce the right stimulus either for Wall Street or Throgmorton Street; commodity shares have again been depressed by further falls in primary commodities and base metals; the Brazilian episode and the Japanese onrush have completely unsettled the foreign bond market. Even gilt-edged cannot claim honours this week, for although they made early progress, a mid-week reaction set in. The tone in industrials has been depressed throughout, and reports on Thursday of weak selling from a Scottish investment trust added to the general gloom.

The week opened with a renewed demand for short-dated gilt-edged securities, National Defence bonds providing a feature with a steady rise to 99 on Monday and Tuesday. A fairly sharp check occurred in mid-week, however, in which the "undated" issues, like Old Consols and Local Loans, suffered most. Dealings in the Liverpool scrip, which opened at ½ premium showed a similar gain on Tuesday and a setback in mid-week.

In the foreign bond market, extraordinary fluctuations occurred in Brazilian bonds. Dealings were resumed at mid-day on Monday, at greatly reduced prices, and dealing conditions were difficult. A comparably sharp upward movement occurred on Thursday, after the announcement that, after all, full service on the 1937-38 debt scale would be provided. The movements are set out in detail on page 378. South American bonds were affected by the Brazilian default, including Argentine issues, whose record is exemplary. Chinese bonds continued weak, on the threat to Nanking, but Japanese issues tended to improve in mid-week.

Home rail stocks received little support at first, and the publication of somewhat brighter traffic merely checked the scattered selling, and prices staged no real recovery. South American rails, both prior charges and marginal ordinary stocks, were depressed throughout the week.

The Industrial markets passed another aimless and depressed week, and only on Monday was there evidence of partial resistance in individual securities. In all sections the volume of business was small. The iron and steel group was weak throughout, and the Whitehead and Dorman Long announcements (the latter is discussed on page 381) were adversely received and dragged the rest of the section down. Attempts to raise such specialities as Vickers and Tube Investments were unsuccessful. Coal shares were again inactive, and such leaders as Bolsover and Horden declined. Motors were also an unsatisfactory section. Prices opened irregular, but the reduced Dennis dividend adversely influenced other commercial motor shares. Rolls-Royce fell appreciably on Thursday. Aircraft shares were neglected, and Hawker Siddeley fell in anticipation of the new preference issue. Electric equipment shares were satisfactory at first, but Crompton Parkinson led a downward movement later. Textiles were again dull, though British Celanese tried to resist the downward drift.

Despite a number of good dividends, brewery shares were easier, apart from Bass; scattered sales from the provinces were reported. The stores and provision groups were uninteresting, though Unilever responded to the interim dividend announcement and reports of increased margarine sales. Early in the week, Carreras and British American Tobacco were better in the tobacco group. Among the miscellaneous leaders, British Oxygen, Murex, and I.C.I. were slightly better on Monday, but gave way later. Electric and Musical Industries sagged in mid-week after responding to the meeting (discussed on page 382). Shipping shares, though irregular, behaved

The Mexican Eagle shareholder—after six months of strikes and untoward labour demands, to say nothing of arbitration proceedings which awarded the strikers of full pay in future—quite naturally inferred that his head would soon rest on the executioner's block. On Monday shares promptly fell, reaching 9s. last Friday. On Monday this week they rose 2s. 9d. on the news that the Mexican Government had granted exclusive rights to the company on the remainder of the Poza Rica field. By this grant the company's area in Poza Rica is increased from 7,700 acres to 13,000 acres, and the oil-bearing potentialities of the new area are regarded as no less valuable than the production actually achieved from the old. Shareholders must find these kaleidoscopic changes bewildering. Clearly no investment operations can be conducted in a share whose property one week is expected to be expropriated and the next week is actually extended. Fortunate, indeed, are those operators who can time their dealings to coincide with the changes in the Mexican policy of that political chameleon, the Mexican Government. Indeed, those who must speculate in Mexican Eagle shares might almost take it as axiomatic to buy on bad news and sell on good. But so simple a formula may conceal dangers of another sort. Will the Government's change of heart prove any more permanent than earlier protestations of good will?

Other Company Results.—Our usual analysis of profit and loss accounts on page 399 covers nearly 40 other companies. A number of miscellaneous industrial concerns are included. The accounts of Wall Paper Manufacturers are available, while three concerns have issued their first accounts since introduction to the public. The results are discussed on page 388 under the heading "Shorter Company Comments."

Company Meetings of the Week.—In this issue reports of company meetings commence on page 389. Mr Sopwith informed members of *Hawker Siddeley Aircraft* that despite the heavy demands made on the company for re-armament purposes, the commercial side of the business was in fact being expanded. Moreover, export business as a whole had improved during the last year. Large sums had been spent on extensions and plant for the armament programme, while provision had been made for a special department to deal with research. Mr Alfred Clark's survey of the past year's developments in *Electric and Musical Industries* is discussed in a Note on page 382. Discussing the record year set up by *S. Smith and Sons (Motor Accessories)*, Mr W. Henderson-Cleland referred to the gradual increase in scope of the instruments and accessories business. The company's range of products could now be fitted to a larger number of cars than previously. At the meeting of *Sudan Plantations Syndicate*, the Hon. A. M. Asquith indicated that, assuming a continuance of favourable conditions, a crop of average yield might be anticipated. He referred to the unfortunate results of the new contract introduced by the Liverpool Cotton Association. Similar views regarding the crop prospects were expressed by Mr Asquith to the shareholders of *Kassala Cotton Company*. Mr F. E. Maguire, at the *Rubana Rubber Estates* meeting, commented on the company's large allocation to reserve. Good progress was being made with the replanting programme. Lieutenant-Colonel Johnson informed shareholders of *Tarkwa Banket West* that the company's shareholdings on September 30th were entered at a cost of £176,000, against a market value of over £273,000. The burden of taxation, both in Australia and in New Zealand, was discussed by the Hon. Edmund Parker at the *Dalgety* and *Company* meeting. The company had, however, been able to make an increased distribution. The chairman's stress upon property reserves at *Mitchells and Butlers* meeting is referred to a Note on the week's brewery results on page 380.

BRITISH MALAYA



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rather more satisfactorily than other sections. The Realisation companies were active, and on Wednesday P. & O. improved. Some much needed activity in oil shares was stirred by the week-end news (see page 382) of the granting of further concessions to Mexican Eagle. The improvement extended throughout the oil market, continental as well as local support being in evidence. But renewed weakness in Wall Street upset the advance. Prices sagged, and the amount of business shrank to even lower levels. The depressed tendency in the rubber market was maintained. Little selling pressure was reported, and the volume of business remained exiguous.

The mining market was dull, the general market situation continuing to exercise a check on speculative activity. Kaffirs, despite their ostensibly attractive yield levels, failed to attract the public and prices were marked down. Despite the announcement of two maiden dividends, by Gold Coast Selection Trust and Marlu, the public showed little interest in West Africans. Rhodesian copper shares were somewhat undecided and affected by adverse copper prices, while tin shares were also depressed in mid-week following the heavy drop in the metal.

"FINANCIAL NEWS" MARKET INDICATORS

	Nov. 11	Nov. 12	Nov. 15	Nov. 16	Nov. 17	Nov. 18
Approximate total of bargains recorded in S.E. List	7,655	7,365	7,630	7,565	7,710	8,400
Corresponding day 1936	11,806	12,850	13,045	12,346	12,173	11,999
Index of 30 Ordinary Shares (July 1, 1935=100)	102.3	101.7	101.4	100.0	98.9	97.2
Index of 20 Fixed Interest Securities (1928=100)	129.3	129.5	129.4	129.4	129.3	129.3

Highest 1936: Ordinary Shares 124.9 (Nov. 18); Fixed Interest 138.8 (Feb. 10).
Lowest 1936: Ordinary Shares 107.4 (Jan. 2); Fixed Interest 136.2 (Sept. 23).
Highest 1937: Ordinary Shares 124.8 (Jan. 4); Fixed Interest 136.6 (Jan. 4).
Lowest 1937: Ordinary Shares 98.9 (Nov. 18); Fixed Interest 126.0 (Sept. 8).

ACTUARIES' INVESTMENT INDEX

The Actuaries' Index of 177 industrial equity prices stood at 74.9 last Tuesday. A week ago it was 75.7 and a month ago 77.0. The corresponding yields are 4.87, 4.80 and 4.73 per cent. A selection of the separate indices follows:—

Group (and Number of Securities)	Price (Dec. 31, 1928 = 100)			Yield (%)		
	Month ago (Oct. 19, 1937)	Week ago (Nov. 9, 1937)	This week (Nov. 16, 1937)	Month ago (Oct. 19, 1937)	Week ago (Nov. 9, 1937)	This week (Nov. 16, 1937)
Insurance companies (24)	121.3	122.4	123.2	3.61	3.58	3.56
Building materials (5)	83.0	87.5	88.8	6.51	6.16	6.08
Cotton (8)	40.4	38.5	36.7	2.49	2.57	2.82
Iron and steel (12)	71.3	66.6	63.8	5.47	5.88	6.17
Motors (5)	43.3	43.0	40.3	5.52	5.68	6.13
Oil (5)	83.5	80.8	79.7	7.94	8.20	8.51
Home rails (4)	73.2	72.1	70.8	3.00	3.00	3.05

NEW YORK STOCK EXCHANGE

MARKETS this week have been dominated by a feeling of disappointment with the President's message to Congress, reinforced by discouraging industrial news. The President's views on what Government should now do (discussed in a note on page 377) put a stop to the sharp rise which had been stimulated by last week's anticipations, and from Monday

onwards prices have closed lower daily, with a tendency to steadiness towards the end of the week. Steel mill activity fell more sharply than had been expected, *Iron Age's* estimate for the current week showing a level of only 35 per cent. of capacity, against 41 per cent. a week earlier. The automobile industry is feeling unhappy, for the consumers' response to higher prices is poor, and threats of labour troubles are abroad. The railroads are meeting with some opposition in the application of the new rates granted by the I.C.C., for the Pennsylvania Utilities Commission proposes to investigate their reasonableness; and car loadings show a slight decline at the moment. Some utility shares have been supported. The industrial news generally shows a deepening of the recession, but the major factor in market discontent is the attitude taken by the Administration, which promises that something will be done to revive private enterprise, but nothing to renounce the fundamental philosophies of the New Deal. The market finds this very thin beer. Outstanding features in the bond market were the collapse and recovery of Brazilian bonds, and the purchase of government securities by the Federal Reserve Board in pursuit of its open market policy.

	Nov. 10, 1937 (Close)	Nov. 17, 1937 (Close)	Nov. 18, 1937 (Latest)
1. Rails & Transport			
Atchafalaya	41 1/2	38 1/2	37 1/2
Balt. and Ohio	12 1/2	11 1/2	11 1/2
B.M.T.	13 1/2	12 1/2	12 1/2
Can. Pacific	8 1/2	7 1/2	7 1/2
Ches. and Ohio	40 1/2	39 1/2	38 1/2
Gen. Nth. Ry. Pt.	29 1/2	27 1/2	26 1/2
Illinois Central	12 1/2	11 1/2	11 1/2
N.Y. Central	20 1/2	19 1/2	18 1/2
Penn. Pac.	14 1/2	13 1/2	12 1/2
Pennsylvania R.R.	24 1/2	23 1/2	22 1/2
Southern Ry.	22 1/2	21 1/2	20 1/2
Southern Ry.	14 1/2	13 1/2	12 1/2
Union Pac.	93 1/2	88 1/2	86 1/2
Greyhound Cp. New	10 1/2	10 1/2	10 1/2
2. Utilities and Communications			
Am. Waterworks	14 1/2	15 1/2	14 1/2
Columbia S. & S. (Cons. Gas of N.Y.)	2 1/2	2 1/2	2 1/2
Cons. Edison	27 1/2	26 1/2	25 1/2
Col. Gas & Electric	10 1/2	10 1/2	9 1/2
Elec. Bond & Share	12 1/2	11 1/2	11 1/2
Nat. Pwr. and Lt.	9 1/2	8 1/2	8 1/2
North American	24 1/2	23 1/2	22 1/2
Pac. Gas & Electric	27 1/2	26 1/2	25 1/2
Pac. Lighting	38 1/2	37 1/2	36 1/2
Pub. Service N.J.	38 1/2	37 1/2	36 1/2
Stan. Gas & Elec.	6 1/2	5 1/2	5 1/2
United Corp.	4 1/2	3 1/2	3 1/2
United Gas Imp.	11 1/2	11 1/2	11 1/2
Am. Tel. & Tel.	151 1/2	149 1/2	148 1/2
Int. Tel. and Tel.	8 1/2	7 1/2	7 1/2
Western Union	20 1/2	19 1/2	18 1/2
Radio	8 1/2	7 1/2	7 1/2
Radio B. Pref. New	56 1/2	54 1/2	53 1/2
3. Extractive and Metal Industries			
Am. Rolling Mills	25 1/2	23 1/2	23 1/2
Beth. Steel	53 1/2	52 1/2	51 1/2
Beth. Steel Pref. xd	96 1/2	96 1/2	96 1/2
Republic Steel	19 1/2	18 1/2	18 1/2
U.S. Steel	60 1/2	58 1/2	57 1/2
U.S. Steel Pref.	108 1/2	109 1/2	109 1/2
Alaska Juneau	12 1/2	12 1/2	12 1/2
American Metal	32 1/2	29 1/2	27 1/2
American Smelting	52 1/2	49 1/2	48 1/2
Anacosta	30 1/2	30 1/2	29 1/2
Bohr Aluminum	29 1/2	28 1/2	28 1/2
Cerro de Pasco	45 1/2	41 1/2	40 1/2
Int. Nickel	45 1/2	43 1/2	42 1/2
Kennecott	35 1/2	34 1/2	33 1/2
Patito Mines	11 1/2	11 1/2	11 1/2
Texas Gulf Sulph.	31 1/2	31 1/2	30 1/2
U.S. Smelt.	65 1/2	62 1/2	61 1/2
Vanadium Corp.	17 1/2	16 1/2	16 1/2
Atlantic Refining	23 1/2	22 1/2	22 1/2
Phillips Petroleum	45 1/2	42 1/2	41 1/2
Shell Union	18 1/2	17 1/2	17 1/2
Shell Union Pref.	98 1/2	97 1/2	96 1/2
Socony Vacuum	18 1/2	17 1/2	17 1/2
Stand. Oil Calif.	32 1/2	30 1/2	30 1/2
Stand. Oil N.J.	50 1/2	48 1/2	47 1/2
Texas Corp.	43 1/2	40 1/2	39 1/2
4. Manufacturing			
Briggs	26 1/2	25 1/2	24 1/2
Chrysler	71 1/2	69 1/2	68 1/2
Electric Autolite	23 1/2	21 1/2	21 1/2
General Motors	41 1/2	39 1/2	38 1/2
Hudson Motor Car	9 1/2	7 1/2	7 1/2
Murray Corp.	7 1/2	6 1/2	6 1/2
Naah Kelvinator	12 1/2	11 1/2	11 1/2
Packard Motor Car	5 1/2	5 1/2	5 1/2
Bendix Aviation	14 1/2	14 1/2	13 1/2
Boeing Airplane	24 1/2	23 1/2	22 1/2
Douglas Aircraft	35 1/2	34 1/2	33 1/2
United Aircraft	19 1/2	18 1/2	17 1/2
Air Reduction	51 1/2	51 1/2	51 1/2
Allied Chem.	165 1/2	158 1/2	159 1/2
Col. Carbon	81 1/2	80 1/2	80 1/2
Comm. Solvents	8 1/2	8 1/2	8 1/2
Dupont	122 1/2	117 1/2	114 1/2
Union Carbide	74 1/2	70 1/2	69 1/2
U.S. Ind. Alcohol	20 1/2	20 1/2	20 1/2
Allis Chalmers	40 1/2	40 1/2	40 1/2
General Electric	43 1/2	40 1/2	40 1/2
American Can.	101 1/2	99 1/2	98 1/2
Addressograph	89 1/2	87 1/2	86 1/2
Caterpillar	24 1/2	24 1/2	24 1/2
Cont. Can.	47 1/2	46 1/2	45 1/2
Ingersoll Rand	47 1/2	46 1/2	45 1/2
Int'l. Harvester	68 1/2	65 1/2	63 1/2
Johns Manville	79 1/2	81 1/2	78 1/2
Am. Radiator	13 1/2	13 1/2	13 1/2
Corn Products	56 1/2	56 1/2	56 1/2
J. I. Case and Co.	98 1/2	98 1/2	98 1/2
Glidden	27 1/2	26 1/2	25 1/2
Gen. Am. Transp.	39 1/2	37 1/2	37 1/2
Allied Mills	14 1/2	13 1/2	13 1/2
Celanese of Amer.	23 1/2	23 1/2	23 1/2
Ind. Rayon Newz	23 1/2	23 1/2	23 1/2
Eastman Kodak	183 1/2	180 1/2	178 1/2
Lambert Co.	10 1/2	10 1/2	10 1/2
Loews	18 1/2	15 1/2	15 1/2
20th Century Fox	60 1/2	57 1/2	56 1/2
5. Retail Trade and Food			
Montgomery Ward	40 1/2	38 1/2	37 1/2
J. C. Penney Co.	77 1/2	74 1/2	74 1/2
Sears Roebuck	65 1/2	62 1/2	61 1/2
Walgreen	21 1/2	21 1/2	21 1/2
Woolworth	39 1/2	39 1/2	38 1/2
Gen. Foods	22 1/2	19 1/2	19 1/2
Kroger Grocery	31 1/2	31 1/2	30 1/2
Nat. Biscuit	17 1/2	17 1/2	17 1/2
Nat. Dairy	20 1/2	20 1/2	20 1/2
Standard Brands	15 1/2	15 1/2	15 1/2
Am. Tobacco B.	8 1/2	8 1/2	8 1/2
Liggett Myers B.	89 1/2	89 1/2	89 1/2
Lorillard	18 1/2	18 1/2	18 1/2
Reynolds Tob. B.	46 1/2	45 1/2	45 1/2
National Distillers	23 1/2	23 1/2	23 1/2
Schenley Distillers	29 1/2	29 1/2	29 1/2
6. Finance			
Commercial Credit	43 1/2	40 1/2	41 1/2
Atlas Corp.	10 1/2	9 1/2	9 1/2
Com. Invest. Trust	47 1/2	44 1/2	42 1/2

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

	1936	1937	Beginning of Year 1937	Nov. 8, 1937	Nov. 10, 1937	Nov. 17, 1937
	Lowest Apr. 29	Highest Nov. 10	Lowest Nov. 3	Highest Mar. 10		
347 Industrials	112.7	145.9	97.1(u)	155.7	143.2	97.1
32 Rails	42.6	80.2(b)	31.5	64.5(f)	54.8	32.1
40 Utilities	91.2	111.0(a)	78.3	118.4(b)	111.7	80.7
Total, 419 Stocks	97.7	125.4	84.9	132.4	123.5	83.9
Average yield*	4.50% (c)	2.65% (a)	7.34% (b)	3.20% (d)	6.39% (e)	7.84% (f)

* 50 Industrial Common Stocks. (a) April 8th. (b) October 14th. (c) December 22nd. (d) January 13th. (e) February 10th. (f) March 17th.

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

Highest*	Lowest†	Nov. 3	Nov. 4	Nov. 5	Nov. 6	Nov. 8	Nov. 9	Nov. 10
180.3	104.8	112.1	111.4	111.5	108.1	107.9	109.7	115.2
Nov. 11	Nov. 12	Nov. 13	Nov. 15	Nov. 16	Nov. 17			
Closed (v)	114.6	114.8	110.8	110.2	109.4			
* March 6th. † October 18th. (v) Armistice Day.								

TOTAL DEALINGS IN NEW YORK

	Nov. 11	Nov. 12	Nov. 13*	Nov. 15	Nov. 16	Nov. 17
Stock Exchange—Shares (No. Thous.)	(s) Closed	1,880	510	1,450	1,270	760
Bonds (Thous. \$)...		10,080	4,030	7,290	7,290	7,730
Curb—Shares (Thous.)...		338	107	257	220	178
* Two hour session. (s) Armistice Day.						

CAPITAL ISSUES

A WEEK which has included the Australian conversion and a new form of unit trust has obvious claims to the palm compared with recent new issue business. The *Australia* conversion is, discussed on page 377 and the *Cornhill Trust* issue on page 378. In addition, however, two large debenture and preference issues have appeared, together with a smaller industrial offer. *Hiram Walker and Sons (Scotland)* has been formed under the auspices of Hiram Walker-Gooderham and Worts, a Canadian distillery company. The new company is erecting a new grain distillery at Dumbarton, and has created £1,000,000 4½ per cent. debenture stock, guaranteed as to principal and interest by the parent concern, and offered this week at 98½. The principal of the stock is further covered by "liquid" assets, in the form of whisky stocks. The issuing company, however, is a newcomer to the British whisky trade, and while the guarantee of principal and interest by the Canadian company is highly valuable, the operating company will have to set up its undertaking in competition with established producers at home and may, in fact, be dependent upon export business to a considerable extent. The stock, however, has a maximum life of no more than fifteen years, and the high redemption yield of 4½ per cent., in relation to established distillery securities, proved an attractive feature for the issue. The *Hawker Siddeley Aircraft* issue of 2,000,000 5 per cent. redeemable £1 preference shares at par also presents some unusual features. The shares rank as a second preference claim, and are redeemable at 22s. 6d. by 1949. They also carry option right to subscribe at 35s. for one ordinary share in respect of every two redeemable preference shares held on March 31st next. At current profit levels, the new shares are comfortably covered, but their future, although short, may depend upon fluctuations in expenditure on military aircraft, both in total and between different types. The shares, therefore, are not free from a certain speculative element. The offer of 5s. ordinary shares in *Britannia Electric Lamp Works*, at 70 per cent. premium, shows that the company is the largest non-ring cent. manufacturer in the country, and it contemplates an increase of 50 per cent. in output through factory extensions now in progress. The company's profits jumped spectacularly between 1935 and 1936 (re-calculating the ten months' figure shown to an annual basis), but the rate of advance is tending, apparently, to slow down. The latest figures are used as the basis for an earnings ratio of 24 per cent. on the ordinary capital, or 14 per cent. at the offered price. This figure, however, is stated before N.D.C., unlike many recent prospectus calculations of the same sort. The shares must be regarded as speculative in type, in view of the competitive situation in the industry. A statement for information only has been published by *First Re-investment Trust*, giving details of an issued capital of £245,007, arising from the conversion of sub-units in National Fixed Trust Unit "A."

TOTALS OF CAPITAL ISSUES DURING WEEK

	Net Sales of National Savings Certificates, Week ended November 13, 1937, Nil.	Nominal Capital	Conversions	New Money
To the Public	14,454,965	11,409,965	3,176,250	130,871
To Shareholders only	Nil	Nil	Nil	598,032
By Stock Exchange Introduction	587,772	587,772	587,772	587,772
By Permission to Deal	587,772	587,772	587,772	587,772

Total Capital Raised—	Including Conversions	Excluding Conversions	Total offered for Subscription—	Including Conversions	Excluding Conversions
1937 (New Basis)	498,696,139	437,152,111	Whole Year (New Basis)—		
1937 (Old Basis)	292,429,542	233,967,893	1936 ...	642,017,245	494,139,765
1936 (New Basis)	519,201,530	378,561,208	1935 ...	698,313,125	357,525,440
1936 (Old Basis)	369,323,140	230,561,259	Whole Year (Old Basis)—		
January 1 to date (Old Basis)—			1936 ...	402,470,003	255,570,993
1935 ...	271,360,195	135,715,827	1935 ...	548,351,393	236,147,637
1934 ...	362,705,074	152,883,616	1934 ...	410,980,300	169,108,700
1933 ...	523,791,004	349,761,273	1933 ...	467,921,500	244,780,500
1932 ...			1932 ...	683,000,056	369,058,073

Destination of Capital (Excluding Conversions)

	United Kingdom	British Empire (excluding United Kingdom)	Foreign Countries	Total
January 1 to date—	£		£	
1937 (New Basis)	375,232,762	59,660,990	2,258,359	437,152,111
1937 (Old Basis)	215,068,871	17,406,322	1,492,500	233,967,893

LONDON ACTIVE SECURITY PRICES AND YIELDS

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

Prices, Year 1936				Prices, Year 1937 Jan. 1 to Nov. 17, inclusive				Prices, Year 1937 Jan. 1 to Nov. 17, inclusive				Prices, Year 1937 Jan. 1 to Nov. 17, inclusive			
High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low		
87 1/2	82 1/2	84 1/2	73 1/2	102 1/2	100 1/2	101 1/2	95 1/2	105 1/2	103 1/2	106 1/2	104 1/2	108 1/2	106 1/2		
116 1/2	112 1/2	113 1/2	105 1/2	102 1/2	100 1/2	101 1/2	95 1/2	105 1/2	103 1/2	106 1/2	104 1/2	108 1/2	106 1/2		
102 1/2	100 1/2	101 1/2	95 1/2	105 1/2	103 1/2	106 1/2	104 1/2	108 1/2	106 1/2	110 1/2	108 1/2	112 1/2	110 1/2		
105 1/2	103 1/2	106 1/2	98 1/2	102 1/2	100 1/2	101 1/2	95 1/2	105 1/2	103 1/2	106 1/2	104 1/2	108 1/2	106 1/2		
108 1/2	106 1/2	109 1/2	101 1/2	104 1/2	102 1/2	103 1/2	97 1/2	107 1/2	105 1/2	108 1/2	106 1/2	110 1/2	108 1/2		
111 1/2	109 1/2	112 1/2	104 1/2	107 1/2	105 1/2	106 1/2	100 1/2	110 1/2	108 1/2	111 1/2	109 1/2	113 1/2	111 1/2		
121 1/2	117 1/2	117 1/2	111 1/2	114 1/2	112 1/2	113 1/2	107 1/2	117 1/2	115 1/2	118 1/2	116 1/2	119 1/2	117 1/2		
95 1/2	92 1/2	92 1/2	89 1/2	92 1/2	90 1/2	91 1/2	85 1/2	95 1/2	93 1/2	96 1/2	94 1/2	97 1/2	95 1/2		
104 1/2	101 1/2	101 1/2	98 1/2	101 1/2	99 1/2	100 1/2	94 1/2	104 1/2	102 1/2	105 1/2	103 1/2	106 1/2	104 1/2		
119 1/2	115 1/2	115 1/2	109 1/2	112 1/2	110 1/2	111 1/2	105 1/2	115 1/2	113 1/2	116 1/2	114 1/2	117 1/2	115 1/2		
105 1/2	102 1/2	102 1/2	99 1/2	102 1/2	100 1/2	101 1/2	95 1/2	105 1/2	103 1/2	106 1/2	104 1/2	108 1/2	106 1/2		
117 1/2	113 1/2	114 1/2	107 1/2	110 1/2	108 1/2	109 1/2	103 1/2	113 1/2	111 1/2	112 1/2	110 1/2	113 1/2	111 1/2		
108 1/2	104 1/2	105 1/2	99 1/2	102 1/2	100 1/2	101 1/2	95 1/2	105 1/2	103 1/2	106 1/2	104 1/2	108 1/2	106 1/2		
98 1/2	94 1/2	96 1/2	84 1/2	88 1/2	86 1/2	87 1/2	81 1/2	91 1/2	89 1/2	92 1/2	90 1/2	93 1/2	91 1/2		
103 1/2	101 1/2	102 1/2	96 1/2	100 1/2	98 1/2	99 1/2	93 1/2	103 1/2	101 1/2	104 1/2	102 1/2	105 1/2	103 1/2		
76 1/2	70 1/2	72 1/2	62 1/2	66 1/2	64 1/2	65 1/2	59 1/2	69 1/2	67 1/2	70 1/2	68 1/2	71 1/2	69 1/2		
89 1/2	83 1/2	85 1/2	74 1/2	78 1/2	76 1/2	77 1/2	71 1/2	81 1/2	79 1/2	82 1/2	80 1/2	83 1/2	81 1/2		
100 1/2	96 1/2	97 1/2	91 1/2	95 1/2	93 1/2	94 1/2	88 1/2	98 1/2	96 1/2	99 1/2	97 1/2	100 1/2	98 1/2		
120 1/2	116 1/2	119 1/2	112 1/2	115 1/2	113 1/2	114 1/2	108 1/2	118 1/2	116 1/2	117 1/2	115 1/2	118 1/2	116 1/2		
107 1/2	104 1/2	105 1/2	102 1/2	105 1/2	103 1/2	104 1/2	98 1/2	108 1/2	106 1/2	107 1/2	105 1/2	108 1/2	106 1/2		
113 1/2	109 1/2	109 1/2	105 1/2	110 1/2	108 1/2	109 1/2	103 1/2	113 1/2	111 1/2	112 1/2	110 1/2	113 1/2	111 1/2		
106 1/2	102 1/2	104 1/2	101 1/2	104 1/2	102 1/2	103 1/2	97 1/2	107 1/2	105 1/2	106 1/2	104 1/2	107 1/2	105 1/2		
118 1/2	114 1/2	116 1/2	112 1/2	115 1/2	113 1/2	114 1/2	108 1/2	118 1/2	116 1/2	117 1/2	115 1/2	118 1/2	116 1/2		
120 1/2	117 1/2	117 1/2	114 1/2	117 1/2	115 1/2	116 1/2	110 1/2	120 1/2	118 1/2	119 1/2	117 1/2	120 1/2	118 1/2		
114 1/2	108 1/2	109 1/2	104 1/2	107 1/2	106 1/2	107 1/2	101 1/2	111 1/2	109 1/2	110 1/2	108 1/2	111 1/2	109 1/2		
109 1/2	106 1/2	107 1/2	103 1/2	106 1/2	105 1/2	106 1/2	100 1/2	110 1/2	108 1/2	109 1/2	107 1/2	110 1/2	108 1/2		
117 1/2	113 1/2	114 1/2	110 1/2	113 1/2	111 1/2	112 1/2	106 1/2	116 1/2	114 1/2	115 1/2	113 1/2	116 1/2	114 1/2		
102 1/2	98 1/2	99 1/2	95 1/2	100 1/2	98 1/2	99 1/2	93 1/2	103 1/2	101 1/2	102 1/2	100 1/2	103 1/2	101 1/2		
93 1/2	89 1/2	91 1/2	84 1/2	88 1/2	86 1/2	87 1/2	81 1/2	91 1/2	89 1/2	92 1/2	90 1/2	93 1/2	91 1/2		
72 1/2	71 1/2	73 1/2	63 1/2	66 1/2	64 1/2	65 1/2	59 1/2	69 1/2	67 1/2	70 1/2	68 1/2	71 1/2	69 1/2		
97 1/2	95 1/2	102 1/2	96 1/2	99 1/2	97 1/2	98 1/2	92 1/2	102 1/2	100 1/2	101 1/2	99 1/2	102 1/2	100 1/2		
83 1/2	81 1/2	82 1/2	74 1/2	77 1/2	75 1/2	76 1/2	70 1/2	80 1/2	78 1/2	79 1/2	77 1/2	80 1/2	78 1/2		
82 1/2	80 1/2	81 1/2	73 1/2	76 1/2	74 1/2	75 1/2	69 1/2	79 1/2	77 1/2	78 1/2	76 1/2	79 1/2	77 1/2		
81 1/2	79 1/2	80 1/2	72 1/2	75 1/2	73 1/2	74 1/2	68 1/2	78 1/2	76 1/2	77 1/2	75 1/2	78 1/2	76 1/2		
85 1/2	83 1/2	84 1/2	76 1/2	79 1/2	77 1/2	78 1/2	72 1/2	82 1/2	80 1/2	81 1/2	79 1/2	82 1/2	80 1/2		
112 1/2	108 1/2	109 1/2	105 1/2	110 1/2	108 1/2	109 1/2	103 1/2	113 1/2	111 1/2	112 1/2	110 1/2	113 1/2	111 1/2		
110 1/2	106 1/2	108 1/2	104 1/2	107 1/2	106 1/2	107 1/2	101 1/2	111 1/2	109 1/2	110 1/2	108 1/2	111 1/2	109 1/2		
70 1/2	67 1/2	72 1/2	61 1/2	64 1/2	62 1/2	63 1/2	57 1/2	67 1/2	65 1/2	66 1/2	64 1/2	67 1/2	65 1/2		
106 1/2	102 1/2	106 1/2	101 1/2	104 1/2	102 1/2	103 1/2	97 1/2	107 1/2	105 1/2	106 1/2	104 1/2	107 1/2	105 1/2		
25 1/2	17 1/2	18 1/2	12 1/2	15 1/2	14 1/2	15 1/2	9 1/2	19 1/2	17 1/2	18 1/2	16 1/2	19 1/2	17 1/2		
69 1/2	63 1/2	65 1/2	53 1/2	56 1/2	57 1/2	58 1/2	52 1/2	62 1/2	60 1/2	61 1/2	59 1/2	62 1/2	60 1/2		
40 1/2	36 1/2	38 1/2	30 1/2	33 1/2	32 1/2	33 1/2	27 1/2	37 1/2	35 1/2	36 1/2	34 1/2	37 1/2	35 1/2		
45 1/2	39 1/2	42 1/2	34 1/2	37 1/2	36 1/2	37 1/2	31 1/2	41 1/2	39 1/2	40 1/2	38 1/2	41 1/2	39 1/2		
62 1/2	58 1/2	60 1/2	50 1/2	53 1/2	54 1/2	55 1/2	49 1/2	59 1/2	57 1/2	58 1/2	56 1/2	59 1/2	57 1/2		
90 1/2	86 1/2	88 1/2	78 1/2	81 1/2	82 1/2	83 1/2	77 1/2	87 1/2	85 1/2	86 1/2	84 1/2	87 1/2	85 1/2		
97 1/2	93 1/2	94 1/2	84 1/2	87 1/2	88 1/2	89 1/2	83 1/2	93 1/2	91 1/2	92 1/2	90 1/2	93 1/2	91 1/2		
144 1/2	105 1/2	120 1/2	110 1/2	113 1/2	114 1/2	115 1/2	109 1/2	119 1/2	117 1/2	118 1/2	116 1/2	119 1/2	117 1/2		
53 1/2	41 1/2	61 1/2	50 1/2	53 1/2	54 1/2	55 1/2	49 1/2	59 1/2	57 1/2	58 1/2	56 1/2	59 1/2	57 1/2		
93 1/2	80 1/2	83 1/2	76 1/2	79 1/2	80 1/2	81 1/2	75 1/2	85 1/2	83 1/2	84 1/2	82 1/2	85 1/2	83 1/2		
116 1/2	112 1/2	116 1/2	112 1/2	115 1/2	113 1/2	114 1/2	108 1/2	118 1/2	116 1/2	117 1/2	115 1/2	118 1/2	116 1/2		
92 1/2	79 1/2	96 1/2	88 1/2	91 1/2	92 1/2	93 1/2	87 1/2	97 1/2	95 1/2	96 1/2	94 1/2	97 1/2	95 1/2		
27 1/2	22 1/2	25 1/2	21 1/2	24 1/2	23 1/2	24 1/2	18 1/2	28 1/2	26 1/2	27 1/2	25 1/2	28 1/2	26 1/2		
119 1/2	116 1/2	118 1/2	111 1/2	114 1/2	115 1/2	116 1/2	110 1/2	120 1/2	118 1/2	119 1/2	117 1/2	120 1/2	118 1/2		
120 1/2	117 1/2	119 1/2	113 1/2	116 1/2	117 1/2	118 1/2	112 1/2	122 1/2	120 1/2	121 1/2	119 1/2	122 1/2	120 1/2		
84 1/2	64 1/2	82 1/2	58 1/2	61 1/2	62 1/2	63 1/2	57 1/2	67 1/2	65 1/2	66 1/2	64 1/2	67 1/2	65 1/2		
121 1/2	117 1/2	119 1/2	113 1/2	116 1/2	117 1/2	118 1/2	112 1/2	122 1/2	120 1/2	121 1/2	119 1/2	122 1/2	120 1/2		
106 1/2	98 1/2	103 1/2	97 1/2	100 1/2	101 1/2	102 1/2	96 1/2	106 1/2	104 1/2	105 1/2	103 1/2	106 1/2	104 1/2		
102 1/2	98 1/2	103 1/2	97 1/2	100 1/2	101 1/2	102 1/2	96 1/2	106 1/2	104 1/2	105 1/2	103 1/2	106 1/2	104 1/2		
102 1/2	98 1/2	103 1/2	97 1/2	100 1/2	101 1/2	102 1/2	96 1/2	106 1/2	104 1/2	105 1/2	103 1/2	106 1/2	104 1/2		
102 1/2	98 1/2	103 1/2	97 1/2	100 1/2	101 1/2	102 1/2	96 1/2	106 1/2	104 1/2	105 1/2	103 1/2	106 1/2	104 1/2		
102 1/2	98 1/2	103 1/2	97 1/2	100 1/2	101 1/2	102 1/2	96 1/2	106 1/2	104						

(Continued from page 385)

PRIVATE PLACING

Jamaica Government.—The Crown Agents for the Colonies announce the placing of a further £470,000 3 per cent. inscribed stock, 1956-61 (carrying six months' interest due April 15, 1938).

ISSUES TO SHAREHOLDERS ONLY

Hamiltons Taverns.—Issue of 125,000 4s. ordinary shares, at par, to holders on November 5th (one new for three held).

Heenan and Froude.—Issue of 300,000 5s. ordinary shares at 5s. 6d., in proportion of one for two held. To rank from September 1, 1937.

Romano's, Ltd.—Issue of 10,027 £1 shares, at par, to preference shareholders of London Restaurants, Ltd., in proportion of one Romano's share for 20 preference shares held on March 19, 1937. Bank Loan July 1, 1937.

Sumatra Para Rubber.—Issue of 133,440 2s. shares to shareholders for subscription at par. The new money is required in connection with a replanting programme.

REPAYMENTS AND CONVERSIONS

Commonwealth of Australia.—Holders of £11,409,965 3½ per cent. registered stock and debentures (due February, 1938), are offered conversion into an equal total of 3½ per cent. registered stock 1951-54, at 97. A Trustee issue. New stock redeemable at par February, 1954, or from 1951 on notice. Holders converting will receive also £3 per cent. Public debt domiciled London, June 30, 1937, £stg. 543,412,362. Population, June, 6,831,363. Excess of imports, 1936-37, £stg. 36,372,731; total revenue, £A.82,807,977; expenditure, £A.81,531,419.

UNIT TRUSTS

Cornhill Trust of Bank and Insurance Shares and British Government Stocks.—Offer of 600,000 4 per cent. £1 Redeemable guaranteed debenture units at 20s. 6d., commission and duty free. Redeemable at 1s. premium, October, 1952. Interest, repayment and premium guaranteed by Equity and Law Life Assurance Society. Managers, Trust of Insurance Shares, Ltd., who make offer and select investments within limits of trust deed. Debenture units can be issued up to 60 per cent. of trust fund; 600,000 deferred units, which receive residuary interest, have been privately subscribed at 15s. 9d. cash.

Keystone Consolidated Fixed Trust.—Managers, British Industrial Corporation, Ltd. Certificates have 10-year life; initial price, 17s. per sub-unit. Portfolio of 50 industrial companies (including railway, oil and mining companies, also preference stocks). Initial price includes 4 per cent. service charge to managers, who receive also half-yearly fee (including trustees' fees) of ½ per cent. on value of investments. Bonus shares to be sold and proceeds distributed. One unit contains 6,000 sub-units.

SALE BY AUCTION

Solihull Gas Company.—An amount of 20,000 £1 5 per cent. consolidated shares are to be offered for sale by auction in Birmingham.

FORTHCOMING ISSUES

Union Corporation, Ltd.—This corporation is increasing its capital by £87,500 to £962,500 by issuing of 140,000 shares of 12s. 6d., ranking from January 1, 1938. These will be offered to shareholders at £7. The issue has been underwritten by the brokers to the Corporation, Messrs Keith, Bayley and Rigg in conjunction with Messrs Cazenove, Akroyds and Greenwood and Company. The circular offering the new shares will be issued shortly and will state that in recent years the business of the Corporation has expanded substantially and to enable it to continue a policy which has given satisfactory results and promises to continue to do so, it is deemed desirable that its cash resources should be augmented.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Paid	Nov. 10, 1937	Nov. 17, 1937
Bigwood (J.) Ord. 4/-	5/6	5/6	4/9-5/-	4/7½-4/10½
Do. 6% Pref. 10/-	10/-	10/-	9/7½-9/10½	9/6-9/9
British Coated Board (S/-)	5/-	2/-	...	par-3d. pm
Essex 3½%, 1857-62	101	61	2½-2½ pm	2½-2½ pm
Herts County 3½%	101	31	2½-2½ pm	2½-2½ pm
Hull 3½%	101	28	½-½ dis	½ dis-par
Kent Electric 3½% Deb.	98	20	...	½ dis-par
Liverpool 3½%	101	5	44/9-45/9 pm	44/3-45/3 pm
Midland Bank £1	101	31	½-½ dis	½ dis-par
Sheffield 3½%	101	31	8/9-9/3	8/3-8/9
Spears and Jackson 5/-	101	31	½-½ pm	½-½ pm
Taf Techna 3½%	101	41	½-½ dis	½ dis-par
Walsfield 3½%	101	41	4/6-5/-	4/3-4/9
Western Holdings 5/-	...	...	2/3-2/8	1/10½-2/14xop
West Vlakfontein 2/8	...	...	101½-101½	101½-101½
Weymouth 3½%	...	...	...	...

SHORTER COMPANY COMMENTS

COMPANY RESULTS OF THE WEEK.—In addition to the considerable number of brewery reports (discussed on page 380), ASSOCIATED BRITISH MALTSTERS announce a modest increase in profits to £116,394. The 5 per cent. cash bonus of 1935-36 is not repeated, so the total dividend is reduced to 10 per cent., but the reserve allocation is £25,000 higher. DAILY MAIL AND GENERAL TRUST, whose earnings of £326,592 are £20,000 higher, show that 63 per cent. of their investments are in newspapers and newsprint and that 72 per cent. are domiciled in the British Empire. Profits of £138,368, compared with £123,542, enable BROWN BAYLEY'S STEEL WORKS to bring preference payments up to date and to resume ordinary dividends at 10 per cent., tax free. ENFIELD ROLLING MILLS have made profits of no less than £63,663 against a loss of about £5,000; owing, however, to the accumulation of past losses, the whole increase is applied to reducing the debit balance forward. The aircraft manufacturers, SHORT BROTHERS (ROCHESTER AND BEDFORD), have enjoyed an appreciably better year, profits having increased by £22,000 to £98,026, while the dividend is raised from 30 to 40 per cent. The latest rubber company results fully maintain the recent trend. Among the larger companies, MALAYA GENERAL, SUNGAI BUAYA (SUMATRA) and UNITED TEMIANG (F.M.S.) are raising their dividends substantially. Expansion in the plastics industry is illustrated by the new issue announced by BRITISH INDUSTRIAL PLASTICS, whose profits, before tax and depreciation, are £15,000 higher at £52,757. Gross earnings have thus resumed the rise which was temporarily checked a year ago. Owing to higher charges for fuel at £50,731, though the year's volume of trade constitutes a record. The South African department stores, STUTTAFORD AND COMPANY, maintain the 12 per cent. dividend despite an increase in profits, since probable commitments concerning the rebuilding of the Cape Town stores, make an increased transfer to Buildings Reserve desirable. WALL PAPER MANUFACTURERS have been able partly to offset an advance in the cost of paper and other materials and in wages by manufacturing economies. Net profits of £717,746 are accordingly £48,500 higher. Out of these profits, a new reserve of £65,000 has been provided against possible losses on securities in case of realisation before maturity. The consolidated profit and loss account shows trading profits of £737,730. RADIO RENTALS' first annual report, compared with the prospectus figures, shows that profits of £88,816 are £18,000 higher, but depreciation, provided on a generous scale, absorbs £14,000 more at £63,800. Another show net profits for a 15-month period of £24,877, which (allowing for new company whose report has appeared, BUTLER MACHINE TOOL, excess of estimates. One of the most satisfactory industrial reports of the week comes from COVENTRY GAUGE AND TOOL COMPANY. Trading profits of £88,191 are double those for 1935-36, and after increasing depreciation by £17,800, net profits are £45,531, against £13,978. The 10 per cent. dividend is covered by earnings of no less than 41.7 per cent., the excess being added to the carry forward.

MISCELLANEOUS

ABITIBI POWER PLAN.—Mr Justice McTague, in considering the reorganisation scheme on November 13th strongly urged the opposing sides to work out a compromise and adjourned the hearing for this purpose. He felt, he said, that, no matter what the outcome of the present case, the question would go to appeal and further litigation.

ANACONDA COPPER MINING.—Net profits in the September quarter, 1937, totalled \$7,837,000 (90 cents per share). This compares with \$10,590,000 (\$1.22) in the previous three months and \$4,112,200 (47 cents) in the third period of 1936. For the first nine months of 1937 net profits amounted to \$26,965,000 (\$3.11), against \$9,940,000 (\$1.15).

BRITISH INDUSTRIAL PLASTICS.—Trading profit for year to September 30, 1937, £105,569, against £80,485. Ordinary dividend 8 per cent., as before, but absorbed £25,682, against £24,966. Carry forward £4,173.

BRITISH MARINE AIRCRAFT.—A meeting on December 10th is to consider changing the name to Folland Aircraft and a reduction of capital. It is proposed to reduce the £500,000 capital in 10s. shares to £300,000 in 6s. shares. To writing off balance sheet items, £222,663 (i.e. Sikorsky licence, £130,917; expenses, etc., £44,105; debit on profit £22,663. Floating assets, £126,829 (cash, £81,137); creditors, £31,000.

BURCO, LTD.—First annual report since offer for sale shows that profits for year to September, 1937, were £37,220, against £25,200 for year to June, 1936.

BUTLER MACHINE TOOL.—First report for year to September 30, 1937, shows profit of £50,219, which exceeds average of previous 2½ years by £26,089, and is £10,219 more than estimated at time of share issue. Proposed ordinary dividend is 10 per cent. for period January 18 to September 30, 1937, equivalent to annual rate of 14.25 per cent.; forward, £4,753.

COMMONWEALTH MINING AND FINANCE.—Report for year to May 31, 1937, gives particulars of company's holdings. From its Gold Development) Commonwealth Mining has received since date of balance-sheet a dividend of A. 3s. 10d. per share, amounting to £A.69,411 or £E.55,529. The payment represents return of about 75 per cent. of the company's investment.

CHOSEN CORPORATION.—Certain shareholders having asked the directors, by requisition, to call a general meeting, to consider a Special resolution for putting the company into voluntary liquidation and for general meeting has accordingly been convened for Wednesday, December 8th.

DAILY MAIL AND GENERAL TRUST.—Net revenue in year to September 30, 1937, was £326,592, compared with £306,403. Ordinary dividend and bonus 11½ per cent., tax free as before. Investment reserve £120,934. Carry forward reduced from £134,924 to £120,934.

ELECTRICAL SWITCHGEAR AND ASSOCIATED MANUFACTURERS.—Second report shows profit of £21,381 for year to October 31, 1937, against £14,302 from May 14 to October 31, 1936. Final ordinary dividend (on increased capital), 10 per cent., making 16 per cent. for year (against 7½ per cent. for previous period); forward, £4,404 (against £3,226 last year, when preliminary expenses, £2,022, were written off).

(Continued on page 396)

COMPANY MEETINGS

MITCHELLS AND BUTLERS, LIMITED

SUCCESSFUL YEAR'S TRADING

INCREASED OUTPUT AND PROFITS

SIR WILLIAM WATERS BUTLER'S ADDRESS

The fiftieth annual general meeting of the ordinary stockholders of this company was held at the White Horse Hotel, Birmingham, on the 18th instant, under the presidency of Sir William Waters Butler, Bart.

The Chairman, in moving the adoption of the report and accounts, said:—As stated in the report, the directors are pleased with the results of the trading during the year, and I am sure you will be glad to hear that the great popularity of our products has been responsible for a remarkable increase in the sale of our bottled ales and stouts.

Increased output was only to be expected to follow the present industrial prosperity, and, of course, with increased output, one naturally looks for increased profits, which I am glad to say has been the result.

Our profits, in addition to an increased rate of income tax, have borne the deduction of National Defence Contribution for the half year commencing April 1st last. This half-year's contribution amounts to nearly 1 per cent. on the company's ordinary stock, and it will be borne in mind that for the current financial year the company will be liable for a full year's contribution. I am sure, however, that all of us must feel willing and content in so contributing to the necessary cost of the defence of our country.

TRADES HEAVY BURDEN OF TAXATION

With the heavy payments we are called upon to make in connection with beer, spirits and licence duties, one feels that our trade can rightly claim that at the earliest moment national taxation can be reduced our industry should be granted some relief. At the same time, I can understand that people who do not appreciate from a study of the balance sheet the full amount of capital employed in the business might consider that a concern which can declare a dividend of 23 per cent. on its ordinary stock does not appear to require any relief of taxation, but rather may be looked upon as making an abnormal profit. This, however, is an erroneous view, for the percentage of profit ought to be calculated on the whole of the capital employed in obtaining the profits; in that way, it will be seen that trading capital includes not only stock capital, but reserves which are mainly derived from surplus profits not taken out of the business but again "ploughed in" in the trading operations of the company. The percentage of profits so calculated in our own case cannot be considered otherwise than a very reasonable commercial return on the total capital employed.

PROPERTY RESERVE ACCOUNT

It will be noted that in the balance sheet we have established a new reserve account to be called the "Property Reserve Account," by transferring thereto a sum of £150,000, which in 1930 was specifically reserved against properties for which it was thought necessary or desirable to make "provision for anticipated expenditure not adding to capital value." That sum has not been utilised, and we now think it can be brought out to commence this new "Property Reserve Account." The words I have just quoted which since 1930 have been in the property item of the balance sheet are no longer necessary, and disappear, and the property item in the balance sheet is no longer reduced by the amount of that provision. We recommend for your approval the appropriation from the profits of a further £50,000, as an addition to this new property reserve account, making it a total of £200,000.

We have felt it advisable to establish this property reserve account in consequence of the great and growing expenditure we are called upon to make in connection with our properties; this includes the alteration, extension or rebuilding of old properties and the building of new properties in the place of licensed properties demolished in connection with slum clearances or street widenings.

I want to make it clear, however, that while we are creating a fund which will be available to meet expenditure which does not add to capital value so far as our trade is concerned, we are

not suggesting a revaluation of the whole of our licensed properties; indeed, we are fully satisfied by a careful analysis of all our properties and their earning power that the trade value of the properties in the aggregate is in excess of their total book values. We think that this reserve account should prove useful to avoid properties appearing in our books at values which are above their market values due to additions from time to time of the costs of structural improvements which have not added directly to their earning power and trade value. From time to time additions from the profits of the year may be made to this property reserve account.

Withdrawals from the fund and additions thereto will be limited because the operations of the fund will be confined solely to the purposes for which it was created. We are now expending increasing sums upon our properties and the costs of carrying out the same are much greater than formerly, due to numerous causes such as increased values of sites, higher building costs, dearer equipment of fittings and fixtures, and the provision of more roomy premises and amenities such as bowling greens, and assembly rooms for friendly and other societies.

DELAY IN BOGUS CLUB LEGISLATION

I regret that undesirable forms of competition are making their appearance, due in a great measure to the growth of bogus clubs and so-called "bottle" shops. The Government has promised, as stated in the King's Speech, to introduce legislation to check bogus clubs, but it is very slow in making its appearance, notwithstanding that magistrates and others responsible for public order insist that an amendment of the law is an urgent necessity "for preventing abuses of the law relating to clubs."

While still a believer in "fewer and better" licensed houses, thanks to our own company and other brewers there is now no real redundancy position in Birmingham. The total number of licences is not excessive, but owing to the movement of the population, existing licences in the older parts of Birmingham should be "thinned" by redistribution, that is to say more modern houses could be erected in districts where at present there is not sufficient provision for the needs of the inhabitants.

I am pleased to say the so-called Temperance Party was never so dormant in my lifetime as now, but do not let us, therefore, assume that we can now disarm. Rather we must strengthen and maintain our defence organisations in a high state of efficiency so that we may be ready and prepared to meet any attacks which may be made upon the licensed trade.

I can only hope that the country's flourishing condition will be maintained, as the Prime Minister and other prominent men predict, and that the Government's efforts to bring about more peaceful conditions throughout the world will be successful.

In conclusion, I am glad to confirm what *The Economist*, a financial paper of standing, has said of the ordinary £1 stock units of our company, viz:—"They represent an equity in a sound brewery in a prosperous area." Long may that be the position!

I have much pleasure in moving the adoption of the report and I will ask Mr Bainbridge to second it.

Mr Herbert W. Bainbridge seconded the resolution, which was carried unanimously.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to:—

The Reporting Manager,

THE ECONOMIST,

8 Bouverie Street,

Fleet Street,

London, E.C.4.

Telephone: Central 8631

HAWKER SIDDELEY AIRCRAFT COMPANY, LIMITED

YEAR OF BUSINESS EXPANSION

ISSUE OF PREFERENCE SHARES

MR T. O. M. SOPWITH'S ADDRESS

The second ordinary general meeting of Hawker Siddeley Aircraft Company, Limited, was held, on the 15th instant, at the May Fair Hotel, Berkeley Street, London, Mr T. O. M. Sopwith, C.B.E., F.R.Ae.S. (chairman of the company), presiding.

The Secretary (Mr. Chas. P. Heselden, F.C.I.S.) having read the notice convening the meeting and the report of the auditors, The Chairman said:—Ladies and gentlemen,—At our last annual meeting I ventured a forecast that the profit for the current year just ended should in the aggregate be higher, and perusal of the report and balance sheet will confirm that my forecast has been justified. With your permission I propose to take these documents as read.

The accounts show that our revenue for the year amounts to £783,437 17s., from which have been deducted income tax and National Defence Contribution amounting to £194,418 7s. 9d.; directors' fees amounting to £1,256 4s. 8d.; administration and other charges amounting to £8,017 15s. 9d.; and bank interest amounting to £6,549 16s. 4d., leaving a balance of £573,195 12s. 6d. available for payment of dividends on the preference and ordinary share capital. Out of this there has been paid or provided for dividends, less tax, on the Five per cent. cumulative preference shares amounting to £52,937 10s., and an interim dividend of 15 per cent., less tax, on the ordinary shares amounting to £163,447 14s. 8d., leaving a balance of £362,443 18s. 5d. Out of this the directors recommend payment of a final dividend on the ordinary shares of 17½ per cent., together with a cash bonus of 10 per cent., both less tax, making with the interim dividend already paid a total dividend on the ordinary shares for the year to July 31, 1937, of 32½ per cent., together with a cash bonus of 10 per cent., both less tax. This will absorb £299,654 3s. 7d., leaving a balance to be carried forward to next year of £62,789 14s. 10d.

SUBSIDIARY COMPANIES' SATISFACTORY YEAR

I am pleased to report that your subsidiary companies have experienced a satisfactory year and turnover shows an increase in every case. The dividends received from this source are, after providing for such reserve as the directors consider adequate, thus making it unnecessary for this company to allocate any specific sum for this purpose. I would, however, draw your attention to the fact that we have increased our carry-forward by the sum of £52,156.

This company now owns the whole of the ordinary share capital of Hawker Aircraft, Limited, with the exception of 150 shares. Your directors would emphasise the importance of having our capital structure in one entity if possible, so that the affairs of the group can be administered as a whole and not in two portions as at present. They are therefore proposing to make an offer to the holders of the 344,166 outstanding 5 per cent. redeemable preference shares of £1 each in Hawker Aircraft, Limited, to exchange into an equal number of 5 per cent. cumulative preference shares of £1 each in this company, or to purchase them for cash on such terms as your directors consider advisable.

PROGRESS EXCEEDS ANTICIPATION

Unfortunately, for reasons of official secrecy, I am unable to give you a precise indication of the situation of our aircraft and allied organisations, but I am glad to be able to report that progress has been in excess of anticipation. The unfortunate troubles in Spain and the Far East have shown in no uncertain manner the swift and appalling potentialities of the air arm, and it requires little imagination to visualise what might happen in this country if we were faced with a relentless enemy fully equipped with bombing and fighting aircraft. To-day—whatever the ethics of the situation—we are most urgently called upon to deal with the matter with more vision than ever in our history. We are living in times of great anxiety, and it is vital to the interests of the Empire that our armed forces be equipped to face any contingency and to know that there are adequate reserves available. I believe the Government realises the necessity of maintaining a standard of first line and reserve material of such dimensions as will cause any possible aggressor to hesitate. It is an insurance policy which will require a premium in the shape of additional expenditure, but no price is too heavy to pay, and no sane person will hesitate

to accept the contention that the security of the British Empire and the safety of its people are essential to civilisation and progress.

The establishments controlled by your company are equipped to take their share of responsibility in this task and are contributing in a marked degree to what might be known as the "Security Campaign."

GROWTH ON COMMERCIAL SIDE

At the same time I would emphasise the fact that our purely commercial side is not only maintained but is expanding. The recent Motor Show proved the continued interest in and demand for the Armstrong Siddeley motor-car, and the improvements which have been effected in this direction should show beneficial results during the current year.

The "Air University," as I would describe our organisation of "Air Service Training," continues to progress. This establishment, which is unique as being the only organisation catering for all descriptions of aerial training, is situated at Hamble, and during the past year more modern equipment has been added, and the buildings and personnel extended.

I am very pleased to report that our export business as a whole has improved during the last year. We realise the importance of the export market not only from our own but from the national point of view, and, where compatible with the exigencies of the situation, the Air Ministry and Department of Overseas Trade have willingly given facilities and assistance which we greatly appreciate. We shall endeavour to further consolidate this position during the next twelve months.

The question of research and development, particularly in connection with the aircraft and aero engine programme, is of great importance, and apart from general procedure we have made provision for a special department to deal with the subject from both the technical aspect and practical application.

CAPITAL INCREASE

You are aware of the proposed increase in the capital structure of the company by the issue of a further two million redeemable cumulative preference shares of £1 each and subject to your approval of the resolution, a prospectus setting out the offer will be issued forthwith. The subsidiaries controlled by your company have of necessity been financed by the parent company and bank loans. They have been compelled, in order to meet the requirements of the armament programme, to spend large sums on extensions, new factories, plant, aerodromes, and equipment, recovery of which must naturally be spread over a period. The additional capital will enable these loans to be repaid, the saving in interest and bank charges and additional anticipated profits should, in my opinion, exceed the cost of the service of the issue proposed and capital will be available for the general purposes and development of the business. Your directors strongly recommend this issue, which will be of great benefit to the finances of the company.

It is unnecessary for me to assure you that your directors are continually in touch with sources of possible further development both at home and abroad. As regards the outlook for your company, we have every justification for anticipating further expansion in all departments during the current year. (Applause.)

Finally, I would like to thank the senior staff and employees endeavours. Last year you generously allocated a bonus of £5,000 to certain officials to give them an opportunity so as to be interested in the company of using that money to apply for 20,000 ordinary shares at par, and it is proposed, with your approval, to make the same allocation, to be used at the discretion of the directors, again this year. (Hear, hear.)

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

TRIBUTE TO MANAGING DIRECTOR AND STAFF

Mr Philip E. Hill, in seconding the resolution, said that the results achieved could be regarded as highly satisfactory and reflected the greatest credit on Mr Spriggs, the managing director, and the whole of the staff. (Hear, hear.)

The resolution was carried unanimously. The proposed dividends and cash bonus were approved; the retiring director, Mr T. O. M. Sopwith, was re-elected; the auditors, Messrs. Price, Waterhouse and Company, were re-appointed; and a hearty vote of thanks was passed to the chairman, directors, and staff.

At a subsequent extraordinary general meeting a resolution was unanimously passed increasing the capital of the company to £6,000,000 by the creation of 2,000,000 Five per cent. redeemable cumulative preference shares of £1 each.

ELECTRIC AND MUSICAL INDUSTRIES, LIMITED

A YEAR OF PROGRESS

The sixth ordinary general meeting of Electric and Musical Industries, Limited, was held, on the 12th instant, in London.

Mr Alfred Clark (the chairman) said:—The directors are happy to present a report which shows a credit to the balance of profit and loss account substantially higher than that of the previous year. Sales for the trading year have shown an increase over those of the previous period. The radio receiving set business in Great Britain seems to have been conducted on a more stabilised basis than in other years and, together with an advance in set design, I am glad to say we found a continuing effort on the part of all manufacturers to avoid price cutting.

Not only records but also radio-gramophones and acoustic gramophones have shown a modest increase, while household appliances were substantially ahead of the previous year. Abroad, both inside and outside the Empire, the sales of all products showed a healthy increase. On the whole, I think we may look back with some satisfaction on the general trend of our business during the period under review.

TELEVISION PROGRESS

With regard to television, the mobile equipment to which I referred here last year was duly completed and delivered and this apparatus was employed in the televising of the Coronation Procession at Hyde Park Corner with remarkable success. Television viewers were enabled to enjoy the sight of the Royal Coach with a view of Their Majesties clearer perhaps than most of those who lined the route.

Work on the Emitron camera has proceeded with particular success. That camera has been considered as having set a standard and we have actually supplied the Emitron with its equipment which is being installed in the new high power television transmission station at the Eiffel Tower in Paris.

Certain discoveries have enabled us to achieve a considerable advance on this standard Emitron camera which will be of great importance in television broadcasting. The sensitivity of this new instrument is in the nature of approximately ten times greater than that of our standard Emitron. This means that, with this apparatus, it will be possible to televise scenes in an ordinarily lighted public theatre and out-of-doors in very unfavourable light conditions. It was used for the first time yesterday to televise the Cenotaph Ceremony with outstanding success.

Through lack of funds the installation of the studios at Alexandra Palace has been on too small a scale and the general layout is in no sense commensurate with the requirements. The staff there is forced to work under the greatest difficulties and in view of what they have achieved they are to be congratulated.

Television is being held back, we hope only temporarily, because of a lack of the necessary grant of funds for its exploitation. Such a grant should be sufficient to enable the B.B.C. to provide longer programmes with artists of first rank and adequately to equip and carry on the necessary technical services in the studios.

The radio manufacturers of this country who are looking forward to the expansion of the television set market as a necessary development of their industry are fully alive to the needs I have expressed and we hope that the Government will choose the simple expedient of an adequate grant.

We should greatly deplore the adoption by our Government in relation to television in this country of any of the methods practised abroad which involve the dependence for programmes on receipts from paid advertising. It is now generally conceded by impartial observers that in this matter England leads the world. Hayes has become the home and inspiration of television. Engineers from all over the world, including France, Germany and the United States, have visited us that they may learn the newest developments, and it is our earnest desire to retain the leadership which we have achieved. To do so, however, requires that the Government should do their part.

ACQUISITION OF RUDGE-WHITWORTH, LIMITED

Shortly after our last meeting public announcement was made of the fact that negotiations had concluded with the purchase of the whole of the share capital of Rudge-Whitworth, Limited. This concern possesses a name which is, I need hardly say, a household word, not only in Great Britain, but in many foreign countries. It is one of the oldest of the important bicycle manufacturers and enjoys an enviable reputation as makers of motor-cycles as well.

The report and accounts were unanimously adopted and a dividend of 10 per cent. was declared.

DALGETY AND COMPANY, LIMITED

PROSPEROUS YEAR FOR AUSTRALIA

The fifty-third annual general meeting of Dalgety and Company, Limited, was held, on the 18th instant, at 65/68 Leadenhall Street, London.

The Hon. Edmund W. Parker (chairman of the company), in the course of his speech, said: The past year in Australia has been an exceedingly prosperous one, and the outlook continues to be satisfactory. Economic expansion continues. The financial position of the Governments has steadily improved.

Again I regret to have to record no alteration in the exchange rate, and we have still to bear this heavy burden. As last year, the accounts have been able to absorb the full cost of converting our profits into sterling, viz. £112,468, which, as I remarked last year, must be considered a very creditable performance. We have not had to use any of our reserves for the purpose.

New Zealand on the whole has enjoyed a prosperous year. Farmers generally, with the improvement that has taken place in the price of their products and despite a considerable increase in production costs, have made good profits. The rise in production costs has been mostly caused by legislation passed by the present Government, and this increased burden is likely to be recurring, so that provision should be made in these good times to meet any setback which may happen in the future.

The New Zealand exchange rate, like that of the Commonwealth, remains unaltered, and I noticed recently that the Minister of Industries and Commerce stated he could not see much chance of any alteration in the exchange rate for the time being—so that evidently we cannot look for any relief at present.

RESULTS FOR THE YEAR

The price of wool was well maintained during the period covered by the accounts, and this is reflected in the figures we are able to place before you to-day, as, although we have other irons in the fire, wool is our main product and the market price of it affects us more than anything else. Taxation in the Commonwealth and the Dominion is still a very heavy burden, and I see little prospect of relief in this direction—in fact, the burden is an increasing one in New Zealand, and at the present rate of progress—if you can call it progress—the Dominion bids fair to become one of the most heavily taxed countries in the world—per capita of its population.

It is all the more gratifying, therefore, that we have seen our way to recommend a slightly increased distribution over that of last year. We are recommending to-day a distribution of 4½ per cent., less tax, making 8 per cent., less tax, for the year, which is equivalent to 6.4 per cent., free of tax, comparing with 6 per cent., free of tax, paid last year, and I feel sure that you will consider this satisfactory. (Hear, hear.) Although the price of wool since the opening of the new season's sales has shown a weakening tendency, the statistical position is so strong that I feel, provided international affairs do not develop for the worse, that we can look with some confidence to the future.

A SATISFACTORY SELLING SEASON

The record of the 1936-37 wool selling season adds one of the brightest chapters to wool history, being one of eminently satisfactory results to all sections of the industry. The season witnessed the culmination of the recovery from the effects of depressed times and the realisation of the staple upon a much more remunerative basis. This was brought about by a genuine consumptive demand all the time, a demand which it seemed difficult at times to satisfy fully, and was so widely distributed that it ultimately embraced almost every description of the staple. It has seldom, if ever, been keener or more sustained. This extraordinary demand for wool was fostered by a combination of favourable circumstances seldom equalled. Its origin was in the improved economic conditions which released the pent-up buying power of the world's population, previously held in check by the depression.

To-day's prices, although substantially lower than at the peak, should still be remunerative to growers. Japan has come into the market again and has been buying at Melbourne, Sydney, Brisbane and Adelaide, but so far only to a moderate extent. The selling season in New Zealand this year opened at Auckland on November 27th. I am afraid that Dominion growers will have to reconcile themselves to rather lower values than the substantially high ones which were prevailing last season.

The result of our operations for the year is that the net profit amounts to £173,043. The directors recommend a final dividend on the ordinary shares of 4s. 3d. per share, less British income tax, making, with the interim dividend, 8 per cent. per annum.

The report and accounts were unanimously adopted.

SUDAN PLANTATIONS SYNDICATE, LIMITED

STRONG FINANCIAL POSITION

The thirtieth ordinary general meeting of the Sudan Plantations Syndicate, Limited, was held, on the 15th instant, in London.

The Hon. Arthur M. Asquith, D.S.O., who presided, said that he thought it would be agreed that the balance sheet showed a strong financial position. Cash at £2,022,000, the Syndicate share in the cotton stocks of £926,000 and stores amounting to £117,000 gave a total of £3,065,000, from which had to be deducted the balance between London and Sudan debtors and creditors amounting to £96,000, giving a figure of £2,969,000.

The gross profits for the year amounted to £711,779, and after deducting all expenses, appropriations to reserves, writings off and staff bonus, there remained a net profit of £390,291, as compared with £285,000 last year.

The directors recommend the payment of a dividend of 10 per cent. and a bonus of 2½ per cent. for the year ended June 30, 1937. This would absorb the sum of £309,375 and the carry-forward would be increased to £455,084.

Last year he had dealt at some length with the Futures Contract introduced by the Liverpool Cotton Association, whereby a new contract based on Giza 7 was to be a substitute for the old Sakel contract, and which contained a clause under which in certain circumstances similar qualities of Sudan-grown Sakel might be penalised as against Egyptian-grown Sakel cotton by several pence per lb. The results had been chaotic, and he thought it would be admitted even by Liverpool that the contract was not working at all satisfactory.

He thought that the only solution which might bring back the usefulness and popularity of the Liverpool Cotton Futures Market was to have one contract for all Egyptian- and Sudan-grown cotton under which Sakel, Giza 7 and other similar varieties would be tenderable. That he thought might possibly provide a sufficiently wide market to remove the fears of manipulation, which appeared to be a feature of the present contract.

With regard to the prospects of the crops for the current year, the area planted in the Gezira amounted to about 168,000 feddans, compared with 167,000 feddans last year. Rains had been fairly heavy. It was always too early at this date to predict what the crop would be, but the latest cable indicated that granted a continuance of favourable conditions a crop of average yield might be anticipated.

A dividend and bonus, together amounting to 12½ per cent., would, if passed by the Kassala Cotton Company's shareholders at their meeting that day, come into next year's accounts, while, as they would have noticed from the report, the Salt company had made a payment both upon its preference and ordinary shares. The syndicate was now receiving a good return upon its investment in that undertaking, and there seemed to be no reason why it should not continue to prosper.

The report and accounts were unanimously adopted.

KASSALA COTTON COMPANY, LIMITED

TOTAL DISTRIBUTION OF 12½ PER CENT.

The fourteenth ordinary general meeting of the Kassala Cotton Company, Limited, was held on the 15th instant, at Winchester House, London.

The Hon. A. M. Asquith, D.S.O., the chairman, in the course of his speech, said:—It is a great relief that our total debenture debt and interest outstanding should figure in our accounts now at under £200,000. Gezira reserve account is the reserve whereby we provide for items of expenditure otherwise irrecoverable upon the termination of our concession. The allocation proposed this year is £20,000, as compared with £5,000 in 1936, and that will bring our Gezira reserve fund up to a total of £40,500. The tenants' reserve fund, which in the 1936 accounts amounted to about £21,000 and was called "tenants' equalisation fund," has grown this year to £38,000, and it is hoped may provide in bad years a lifebuoy for the tenants, and for the company a buffer against bad debts arising from agricultural advances.

Debenture interest this year cost us nearly £10,000 less than in the previous year, and after provision for taxation of £10,000,

against nil last year, allocating to Gezira reserve £20,000, against £5,000 last year, writing off £5,643, being the total expense of our debenture issue, and setting aside £1,284 for a bonus to our staff, we emerge with a profit, subject to directors' percentage, of £49,039, which compares with £31,556 last year.

We are glad to be able to recommend a dividend of 10 per cent. and a bonus of 2½ per cent., payable to-morrow, and, if you agree to this distribution, the amount carried forward will be about £10,000 more than the amount which we brought in from 1936.

As to the present growing crop, it is too early to make any positive predictions. Our latest cable received from the Sudan at the end of last week indicates that, granted a continuance of favourable conditions, there is no reason why we should not have an average crop.

The report was unanimously adopted.

TARKWA BANKET WEST, LIMITED

DIVIDEND OF 7½ PER CENT.

The ordinary general meeting of Tarkwa Banket West, Limited, was held, on the 12th instant, at River Plate House, London.

Lieutenant-Colonel Frank L. Johnson, D.S.O., the chairman, in the course of his remarks dealt with the accounts and said:—

The shares in the companies in which the company had holdings on September 30th stood at a cost of £176,000, against a market value of over £273,000. The unrealised profit thus shown of nearly £100,000 is perhaps somewhat unduly augmented by our large holding of some 800,000 shares in the Oboum Gold Mines, Limited, which was originally formed as a subsidiary of this company. The results of the operations on the original concession of the Oboum Gold Mines, Limited, did not prove as satisfactory as indications led the old board to anticipate. The recent developments on the property which the Oboum Gold Mines, Limited, are now operating show every indication of promise; moreover, the Oboum Gold Mines, Limited, is obtaining a revenue from the operations referred to. I am sure that we have acted wisely in not realising our holding in Oboum Gold Mines, Limited. On the value of our holding in Amalgamated Banket Areas, Limited, I need not expatiate, and you all know the dividend-paying record and bright prospects of Taquah and Abosso Mines, Limited.

I feel sure you will agree with me that the best interests of shareholders are ensured by adopting the usual procedure of not giving more precise information about our shareholdings than I have already indicated. I may sum up this item by stating that on September 30th last our shareholdings in eight West African companies, referred to in the report, stood in our books at a cost of some £204,000, against a Stock Exchange value of some £311,000. I hope and believe that the board have studied your interests in refusing to undertake any considerable realisation of these assets during the somewhat difficult times covered by these accounts.

To "Cash at bankers," £42,286, should be added the loan of £40,000, bringing the liquid resources of the company to, in round figures, £82,000. On the closing day of the accounts our cash at bankers, loan and the market value of shares in other companies were worth some £288,000, or, after making provision for income tax, etc., some £243,000. This sum does not take into account the potential value of your yet unproved mining properties. This is a position which I hope you will regard as a strong one.

Turning now to the credit side of the profit and loss account, you will see that the realised profits on sales of investments, interest on investments and such moderate underwriting as the directors thought fit, amount in all to £18,881. After deducting the items to which I have just referred, we are left with a profit for the year of £13,091. To this sum must be added £98,457 brought down from the previous year, making a total for your disposition of £111,844.

From this, as a precautionary measure which I am confident you will appreciate, we first of all make a transfer to the reserve account of £50,000 and then ask you to place on one side £5,250 as provision for income tax and National Defence Contribution, leaving the sum of £56,294 to be dealt with. From this I shall submit a resolution, which I hope will meet with your approval, for the payment of 7½ per cent. dividend, less tax, to be posted to all shareholders on the 14th of next month. This will absorb £11,246. There will thus be left the sum of £45,147 to be carried forward to the accounts for the current year.

The report and accounts were unanimously adopted.

S. SMITH AND SONS (MOTOR ACCESSORIES), LIMITED

RECORD TURNOVER AND PROFIT

The twenty-third ordinary general meeting of this company was held, on the 18th instant, in London.

Mr W. Henderson-Cleland, M.C. (the chairman), said that the net profit at £250,385 showed an increase of £74,806, or over 40 per cent. on last year's result. It was gratifying to be able to report that the year under review was a record one in the history of the company, both as regarded turnover and profit. Their position had been fully maintained in the motor accessory section of the business, and their range of dashboard instruments was now fitted to a larger number of cars than in any previous year.

The British Jaeger Instrument Company, manufacturing a similar line of instruments to the parent company, was maintaining its position and continued to supply a high grade of instrument. Further progress had been made by the K.L.G. Sparking Plug Company, the K.L.G. plug having maintained the unequalled position it had achieved of being used almost universally when any strenuous attempt was being made on a record.

The present growth of the aircraft industry and the requirements of the British Air Ministry and of foreign Governments had created an increasing demand for the various aircraft and marine instruments produced by the company. The business of the clock group of companies continued to expand steadily and satisfactory progress was being made.

All sections of the company's business had progressed satisfactorily. As to the future, in the motor accessory group they had consolidated their position by maintaining the quality of their product and improving the design, and they had factories and plant to deal with their customers' increased requirements. Gradually they were increasing the scope of their instruments and accessories.

The turnover for the first three months of the current year was in excess of that of last year, while contracts and orders in hand pointed to a still larger turnover for the balance of the year.

In conclusion, the Chairman paid a special tribute to the managing director, Mr A. Gordon Smith, to whose outstanding abilities the success of the company was primarily due.

The report was unanimously adopted.

RUBANA RUBBER ESTATES, LIMITED

SATISFACTORY RESULTS

The twenty-seventh annual general meeting of this company was held, on the 16th instant, at 19 Fenchurch Street, London, Mr F. E. Maguire, chairman of the company, presiding.

The Chairman said:—The profit for the year was £25,093 18s. 3d. after providing £300 for National Defence Contribution. This compares very satisfactorily with the results for the previous year 1935-36 when we earned £10,319 12s. 9d.

We recommend the payment of a dividend of 7 per cent. and we propose to transfer to reserve the sum of £30,000.

You will expect a word or two in explanation of this large allocation to reserve. We have for many years been setting aside a portion of our profits with a view to providing funds for the rejuvenation of our property when such a course should be necessary. Certain transfers to reserve have been made in the past but a large proportion has been accumulated in the carry-forward.

We think now that the balance sheet will present a truer picture if a substantial amount is transferred from the carry-forward to reserve; after doing so we shall still have a balance of £18,722 4s. 11d. remaining on revenue account.

We are making good progress with our existing replanting programme. During the year under review we cut out a further 161 acres of old rubber, and we completed the replanting of 213 acres. Altogether we have now 285 acres of replanted rubber and we have in hand a further 97 acres.

The forward sales which we have made have been published in the Press from time to time. We have still to deliver 25 tons during the remainder of the calendar year 1937 at an average price—equivalent to 8.84d. per pound landed terms. For the year 1938 we have sold 42 tons at the equivalent of 11.35d. per pound.

We are all anxiously awaiting the decision of the International Rubber Regulation Committee as to the exportable allowance to be permitted during the earlier months of 1938. The present allowance is, as you know, 90 per cent. of standard.

The Chairman then gave figures of probable production, and, in conclusion, said that it seemed they should hope for a cut of 15 per cent., making the exportable allowance 75 per cent.

The report and accounts were unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended November 13, 1937, amounted to £12,236,000, against ordinary expenditure of £9,900,000. After increasing Exchequer Balances by £226,493 the operations for the week, as shown below, reduced the gross National Debt by £2,109,000, to about £8,240 millions.†

(000's omitted)

Treasury Bills	£ 159
Public Department Advances ..	1,650
P.O. and Teleg. (Money) Act ..	300
	2,109

† Including £575 millions on account of Exchange Equalisation Account.

An approximate analysis of the National Debt as at September 30, 1937, appeared on page 41 of *The Economist* of October 2nd.

REVENUE	Receipts into the Exchequer from				
	Estimate for the year 1937-38	April 1, 1937, to Nov. 14, 1936	April 1, 1937, to Nov. 13, 1937	Week ended Nov. 14, 1936	Week ended Nov. 13, 1937
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	£ 288,150,000	£ 68,482,000	£ 79,226,000	£ 1,851,000	£ 2,642,000
Sur-tax	58,000,000	6,880,000	7,910,000	160,000	160,000
Estate, etc., Duties	89,000,000	51,570,000	56,350,000	1,250,000	1,190,000
Stamps	29,000,000	13,850,000	12,840,000	560,000	710,000
Other Inland Revenue	1,500,000	130,000	260,000	...	...
Duties	2,000,000	...	...	...	...
National Defence Contribution	467,650,000	140,892,000	156,586,000	3,821,000	4,742,000
Total Inland Revenue	219,850,000	132,490,000	139,985,000	4,074,000	4,624,000
Customs and Excise—					
Customs	113,150,000	66,600,000	67,400,000	1,700,000	1,400,000
Excise	333,000,000	199,090,000	209,385,000	5,774,000	6,024,000
Total Customs and Excise	34,000,000	11,071,000	11,252,000	164,000	162,000
Motor Vehicle Duties	11,800,000	10,950,000	10,880,000	950,000	1,300,000
Post Office (Net Receipt)	...	...	24,659	...	...
Post Office Fund	1,350,000	310,000	900,000	...	...
Crown Lands	4,300,000	3,147,856	3,693,604	...	...
Receipts from Sundry Loans	11,000,000	13,914,696	8,460,263	1,925	7,545
Miscellaneous Receipts	863,100,000	379,975,552	401,121,526	10,710,925	12,235,545
Total Ordinary Revenue	75,198,000	40,500,000	43,070,000	1,200,000	900,000
SELF-BALANCING REVENUE					
Post Office (Revenue required to meet expenditure on Post Office and Broadcasting)	...	420,475,552	444,191,526	11,910,925	13,135,545
Total	...	420,475,552	444,191,526	11,910,925	13,135,545

EXPENDITURE	Issues out of the Exchequer to meet payments from				
	Estimate for the year 1937-38	April 1, 1937, to Nov. 14, 1936	April 1, 1937, to Nov. 13, 1937	Week ended Nov. 14, 1936	Week ended Nov. 13, 1937
ORDINARY EXPENDITURE					
Interest and Management of National Debt	£ 224,000,000	£ 142,895,059	£ 145,773,802	£ 417,804	£ 465,419
Payments to Northern Ireland	8,000,000	3,842,853	4,273,664	690	...
Exchequer	3,200,000	1,452,721	1,918,384	4,690	4,633
Other Consolidated Fund Services	300,000	420,529	...	...	...
Post Office Fund	235,500,000	148,611,162	151,965,850	423,184	470,052
Total	162,734,800	133,299,419	137,918,987	18,100,000	9,430,000
SELF-BALANCING EXPENDITURE					
Post Office Vote and Vote for Broadcasting	75,198,000	40,500,000	43,070,000	1,200,000	900,000
Total	...	522,105,341	568,954,847	9,723,184	10,800,052

† Including margin for Civil Supplementary Estimates but excluding £80,000,000 estimated to be met from borrowed moneys under the Defence Loans Act, 1937.

‡ Motor Vehicle Duties apportioned to Road Fund treated as Self-Balancing in 1936-37 now added to Revenue and Expenditure figures for purposes of comparison.

The aggregate issues and receipts from April 1, 1937, to November 13, 1937, are shown below:—	
(000's omitted)	
Ordinary Expenditure	525,985
Issue to Exchange Equalisation Fund (July, 1937)	200,000
Increase in balances	145
Ordinary Revenue	401,122
Gross borrowing	330,653
Less:—	
New sinking fund	£ 7,376
Old S. Fund, 1907-08	9
Net borrowing	324,908
	726,030

POSITION OF THE FLOATING DEBT

	Nov. 14, '36	Mar. 31, '37	Nov. 13, '37	Nov. 13, '37
Ways & Means Advances Outstanding	£	£	£	£
Advances by Bank of England	29,550,000	23,535,000	35,930,000	~1,650,000
Advances by Public Departments	837,900,000	674,595,000	902,175,000*	160,000
Treasury Bills outstanding	867,450,000	698,130,000	938,105,000	~1,810,000
Total Floating Debt	867,450,000	698,130,000	938,105,000	~1,810,000

* Includes £2,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £45,000,000 Treasury Bills were opened on November 12, 1937. The amount applied for was £74,990,000. Tenders were accepted for Treasury Bills at three months dated Monday to Friday at 99 17s. 5d. about 65 per cent. and above, in full; Saturday at 99 17s. 6d. and above, in full. The average rate per cent. was 10s. 2-12d.

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 4, 1935	30,000,000	49,560,000	27,500,000	0 8 1-64
July 5, 1935	40,000,000	60,905,000	40,000,000	0 12 4-32
January 3, 1936	35,000,000	68,075,000	35,000,000	0 10 10-72
July 8, 1936	40,000,000	72,750,000	50,000,000	0 12 1-27
January 1, 1937	50,000,000	75,450,000	40,000,000	0 12 5-83
April 2, 1937	45,000,000	72,025,000	43,000,000	0 10 10-68
July 2, 1937	45,000,000	72,860,000	42,000,000	0 11 0-45
October 1, 1937	50,000,000	84,285,000	50,000,000	0 10 0-42
November 5, 1937	45,000,000	85,075,000	45,000,000	0 10 1-49
November 12, 1937	45,000,000	74,990,000	45,000,000	0 10 2-12

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended October 9, 1937	617,973	463,480
Week ended October 16, 1937	611,645	458,734
Week ended October 23, 1937	558,541	418,906
Week ended October 30, 1937	598,960	449,220

THE BANKERS' GAZETTE

BANK OF ENGLAND

RETURN FOR WEEK ENDED WEDNESDAY,

NOVEMBER 17, 1937

ISSUE DEPARTMENT

Notes Issued :-	Government Debt	Other Government Securities	Other Securities	Amount of Fiduciary Issue	Gold Coin and Bullion
In Circulation	481,107,904	206,136,514	838,030	220,000,000	826,406,625
In Banking Department	65,298,721	10,356	838,030	220,000,000	826,406,625
	546,406,625				

BANKING DEPARTMENT

Proprietors' Capital	Government Securities	Other Securities	Advances	Notes	Gold and Silver Coin
14,553,000	78,613,165	11,015,100	9,019,849	65,298,721	1,545,837
Reserves	3,214,414	206,136,514	838,030	220,000,000	826,406,625
Public Deposits	33,171,720	10,356	838,030	220,000,000	826,406,625
Other Deposits	17,778,976				
	173,778,976				

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

Both Departments	Amount, Nov. 17, 1937	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	481,107,904	- 4,488,380	+ 36,202,833
Public deposits	33,171,720	+ 2,492,758	+ 19,056,082
Bankers' deposits	86,998,380	+ 4,210,610	+ 9,384,139
Other deposits	36,141,462	+ 47,280	+ 8,534,030
Total outside liabilities	687,119,466	+ 6,135,952	+ 37,340,856
Capital and reserves	17,767,414	+ 23,668	+ 12,643
Government debt and securities	285,764,779	- 7,285,996	- 41,366,720
Discounts and advances	9,019,849	+ 607,013	+ 1,624,812
Other securities	22,139,434	+ 558,543	+ 1,379,241
Silver coin in issue department	10,356	+ 996	+ 1,696
Coin and bullion (bank's reserves)	327,952,462	+ 17,185	+ 78,447,866
Reserves of notes and coin in banking department	66,844,588	+ 24,482,565	+ 2,244,733
Proportion of reserve to outside liabilities			
(a) Banking Department only	42.8%	+ 15.9%	+ 1.1%
(b) Gold stocks to deposits and notes ("reserve ratio")	51.5%	+ 0.5%	+ 9.9%

* Since the Return for November 10, the fiduciary issue has been raised by £20,000,000 to £220,000,000.

(000's omitted)

Date	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits	Gold in or out of Bank
1937						
Oct. 27	526,407	483,148	32,174	87,679	36,595	NH
Nov. 3	526,407	483,148	30,785	90,495	36,632	NH
" 10	526,407	483,148	30,679	90,900	36,094	NH
" 17	546,407	481,108	33,172	86,998	36,141	NH

(000's omitted)

Date	Issue Department		Both Depts.	Banking Department					
	Govt. Debt and Securities	Other Securities		Gold Coin and Bullion and Reserve Ratio	Govt. Securities	Discounts & Advances	Other Securities	Reserve and the "Proportion"	
1937									
Oct 27	199,244	746	328,024	51 1/2	100,238	8,109	20,909	44,876	28 1/2
Nov. 3	199,129	857	327,992	51 1/2	103,413	7,820	20,751	42,083	26 1/2
" 10	199,153	838	327,935	50 1/2	103,908	8,413	20,743	42,362	26 1/2
" 17	219,152	838	327,952	51 1/2	78,613	9,020	21,301	66,845	42 1/2

BANKERS' CLEARING RETURNS
LONDON (000's omitted)

	Town	Metropolitan	Country	Total
January 1 to November 3, 1937	31,211,855	1,831,332	3,209,774	36,252,961
Week ended November 10	780,115	42,129	88,574	910,818
Week ended November 17	781,435	37,487	72,742	791,664
Total to date, 1937	32,863,425	1,910,948	3,371,090	37,945,463
Total to date, 1936	30,052,013	1,773,381	3,083,209	34,908,603
Increase or decrease in 1937	+ 2,811,412	+ 137,567	+ 287,881	+ 3,036,860
	= 9.3%	= 7.8%	= 9.3%	= 8.7%
Total for year 1936	35,039,356	2,039,620	3,537,598	40,616,574
Total for year 1935	32,443,575	1,887,112	3,229,064	37,559,751
Increase or decrease in 1936	+ 2,595,781	+ 152,508	+ 308,534	+ 3,056,823
	= 8.0%	= 8.1%	= 9.6%	= 8.2%

PROVINCIAL (000's omitted)

No. of working days	Week ended November 13		Month of October (Dublin excluded)		Aggregate Totals, January 1 to November 13	
	1936	1937	1936	1937	1936	1937
BIRMINGHAM	3,161	2,304	12,314	11,132	118,499	117,931
BRADFORD	1,054	828	4,644	4,061	43,993	46,165
BRISTOL	1,275	1,257	6,098	5,898	57,899	58,323
DUBLIN	7,343	7,100	3,928	4,137	256,857	263,346
LEEDS	873	850	3,429	3,266	37,280	41,310
LIVERPOOL	855	838	4,429	4,549	41,990	45,419
MANCHESTER	7,254	7,233	3,419	3,266	33,228	34,168
NEWCASTLE	10,985	6,385	30,480	29,987	281,255	313,988
NOTTINGHAM	1,544	1,543	50,207	48,708	482,275	496,462
SHEFFIELD	583	488	6,311	7,108	59,594	67,534
	938	979	2,388	2,252	23,032	23,333
	36,710	33,083	128,938	125,713	1,461,176	1,559,520

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Bank of Turkey appeared in *The Economist* for June 26, 1937. Danzig in October 23. Egypt and Lithuania, in October 30. Bulgaria and Norway in November 6. Canada, Denmark, International Settlements, Java, Poland, Reichsbank, Sweden, New Zealand, Jugo-Slavia, Czecho-Slovakia and Roumania in November 13.

U.S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted)					
	Nov. 19, 1936	Oct. 28, 1937	Nov. 4, 1937	Nov. 12, 1937	Nov. 18, 1937
12 U.S.F.R. Banks					
Gold Certificates on hand and due from the Treasury	8,730,840	9,128,960	9,124,900	9,124,800	9,123,900
Total cash reserves	9,002,280	9,451,300	9,442,420	9,440,280	9,438,410
Total bills discounted	258,860	318,490	308,010	308,010	322,230
Bills bought in open market	5,240	23,430	24,320	24,320	18,700
Total bills on hand	3,090	2,830	2,830	2,830	2,830
Industrial advances	8,390	28,260	27,150	28,210	21,830
Total U.S. Govt. securities	2,430,240	19,450	19,350	19,350	19,350
Total bills and securities	2,430,240	2,526,190	2,526,590	2,526,590	2,526,590
Total reserves	12,302,740	12,780,480	12,710,580	12,710,580	12,710,580
LIABILITIES					
Federal Reserve notes in circulation	4,134,270	4,256,100	4,284,160	4,277,420	4,248,620
Aggregate of excess member bank reserves over requirements	2,270,000	1,070,000	1,050,000	1,070,000	1,100,000
Deposits—Member bank—reserve account	6,850,650	6,950,730	6,888,940	6,879,400	6,923,400
Government deposits	50,480	84,050	110,830	130,240	135,160
Total deposits	7,097,730	7,825,830	7,481,490	7,509,640	7,588,560
Capital paid in and surplus	302,810	306,150	306,150	306,150	306,150
Total liabilities	12,302,740	12,780,480	12,710,580	12,710,580	12,710,580
Ratio of total reserves to deposits and F.R. note liabilities combined	80.1%	80.2%	80.3%	80.1%	80.1%
U.S.F.R. BANKS AND TREASURY COMBINED					
Monetary Gold Stock	11,127,000	12,801,000	12,804,000	12,789,000	12,789,000
Treasury and National Bank Currency	2,520,000	2,907,000	2,908,000	2,611,000	2,611,000
LIABILITIES					
Money in circulation	6,375,000	6,519,000	6,565,000	6,564,000	6,534,000
Treasury Cash and Deposits with F.R. Banks	2,428,000	3,780,000	3,773,000	3,787,000	3,788,000

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted)

	Nov. 19, 1936	Nov. 4, 1937	Nov. 12, 1937	Nov. 18, 1937
Total gold reserves	3,388,700	3,685,630	3,639,940	3,655,880
Bills bought in open market	3,810	9,740	9,180	6,810
Total U.S. Govt. securities	1,100	1,010	1,010	1,010
Total bills and securities	64,520	725,080	729,080	736,100
Deposits—Member bank—reserve account	856,560	740,420	743,880	748,080
Ratio of total res. to dep. and Fed. Res. note liabilities combined	85.4%	85.1%	84.7%	84.8%

FEDERAL RESERVE REPORTING MEMBER BANKS

In \$'s (000,000's omitted)						
	Nov. 6, 1936	Oct. 6, 1937	Oct. 13, 1937	Oct. 20, 1937	Oct. 27, 1937	Nov. 3, 1937
ASSETS						
Loans, total	13,721	12,003	12,004	11,977	12,012	12,029
Investments	5,324	5,424	5,339	5,868	5,404	5,325
Reserve with Federal Reserve banks	2,435	1,764	1,828	1,797	1,742	1,744
Due from domestic banks						
LIABILITIES						
Demand deposits, adjusted	15,206	14,628	14,801	14,789	14,804	14,610
Time deposits	5,042	5,285	5,270	5,285	5,271	5,278
Government deposits	628	645	595	508	548	516
Due to banks	6,640	5,719	5,683	5,605	5,438	5,516

† In this item, comparison between May 20, 1937, onwards and preceding weeks is affected by a revision of the statement.

AUSTRALIAN COMMONWEALTH BANK

In £'s (000's omitted)						
	Nov. 16, 1936	Oct. 18, 1937	Oct. 25, 1937	Nov. 1, 1937	Nov. 8, 1937	Nov. 15, 1937
ASSETS						
Gold and English sterling	16,002	16,007	16,007	16,007	16,007	16,007
Other coin, bullion and cash	5,627	5,668	5,288	5,418	5,268	5,644
Money at short call—London	22,368	36,065	35,994	35,980	35,500	37,224
Short-term loans	8,588	3,039	3,136	3,646		
Securities and Treasury bills	74,545	78,022	78,022	78,022	79,903	81,850
Discounts and advances	8,285	10,452	10,717	10,715	11,104	11,101
LIABILITIES						
Notes issued	47,038	48,784	48,784	48,784	49,284	49,284
Reserve premium on gold	7,753	7,753	7,753	7,753	7,753	7,753
Deposits	73,012	84,939	84,939	85,695	83,212	87,337

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

	Nov. 13, 1936	Oct. 15, 1937	Oct. 22, 1937	Oct. 29, 1937	Nov. 5, 1937	Nov. 12, 1937
ASSETS						
Gold coin and bullion	22,981	22,938	22,938	22,938	22,938	22,938
Bills discounted: Foreign	7,862	5,870	6,634	6,166	5,716	5,866
Investments	1,745	1,725	1,725	1,800	1,725	1,725
Other assets	11,229	10,794	10,383	10,825	10,915	10,692
LIABILITIES						
Notes in circulation	14,339	15,598	15,269	17,356	16,721	15,905
Deposits: Government	1,711	2,162	2,488	1,653	1,580	1,626
Bankers	22,210	18,131	18,684	17,277	18,077	19,283
Ratio of cash reserves to liabilities to public	55.0%	57.4%	57.1%	56.9%	56.1%	56.4%

† Amended figure.

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

	Nov. 13, 1936	Oct. 29, 1937	Nov. 5, 1
--	---------------	---------------	-----------

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week		Gross Aggregate Receipts	
				1937	+ or -	1937	+ or -
INDIAN							
				Rs.	Rs.	Rs.	Rs.
Assam Bengal	28	Oct. 20	1,330	\$4,76,800	-1,14,895	98,05,159	+ 5,43,396
Barsi Lt. Ry.	28	20	202	32,800	+ 10,300	9,35,300	+ 89,900
Bengal & N. Western	3	20	2,111	18,99,371	- 58,907	16,69,805	+ 1,82,909
Bengal-Nagpur	30	31	3,268	125,34,000	+1,65,791	5,30,67,056	+ 62,91,539
Bombay, Bar. & C.I.	44	Nov. 10	3,072	22,81,000	-2,11,000	7,02,15,000	+44,19,000
Madras & S. Mahr....	30	Oct. 31	3,229	22,05,000	+ 8,76	4,24,98,807	+ 6,82,674
Rohilk'd & Kumaun	3	Nov. 20	546	1,58,656	- 12,589	3,09,070	- 18,494
South Indian	28	20	2,582	11,64,838	+ 96,724	3,12,91,135	+12,15,478
				± 10 days.	± 11 days.		

CANADIAN

Company	1937	1936	1935	1934	1933
Canadian National	45	Nov. 14 237,677	3,855,316	142,247	173,327,081
Canadian Pacific	45	14 172,228	3,077,000	272,000	125,980,000

SOUTH AMERICAN

Company	1937	1936	1935	1934	1933
Antofagasta (Chili and Bolivia)	46	Nov. 14 834	£14,510	1,630	754,490
Argentine N.E.	20	13 753	£97,400	69,800	3,197,000
B.A. and Pacific	20	13 2,806	£117,000	192,000	25,176,000
B.A. Central	18	Oct. 30	£172,891	7,521	1,561,788
B.A. Gt. Southern	20	Nov. 13 5,084	£130,900	33,500	2,546,700
B.A. Western	20	13 1,930	£132,072	18,000	38,817,000
Central Argentine	20	13 3,700	£786,000	4,000	14,655,000
Central Uruguayan	18	Oct. 30 980	£48,759	2,759	909,120
Cordoba Central	20	Nov. 13 1,218	£117,199	22,870	2,561,333
Entre Rios	20	13 810	£163,724	1,609	2,417,618
G. West. of Brazil	46	13 1,092	£158,080	24,000	10,229,000
Leopoldina	46	13 1,918	£28,410	60	634,580
Leopoldina Termi.	46	13	£145,500	81,300	4,320,800
Nitrates	46	13	£9,028	4,315	268,024
Paraguay Central	20	13 384	£12,200	500	353,300
Salvador	20	13 100	£20,862	213,000	83,233,000
San Paulo	45	7 159	£20,862	213,000	83,233,000
United de Havana	20	13 1,353	£20,862	213,000	83,233,000

* Converted at average official rate during week ended Nov. 13, 1937. † Receipts in Argentine pesos. ‡ Receipts in Uruguayan currency. § Converted at official rate. ¶ Receipts in Uruguayan currency. ** Converted at "controlled free rate."

OTHER OVERSEAS

Company	1937	1936	1935	1934	1933
Egyptian Delta Light	30	Oct. 31 621	£11,850	1,579	150,462
Railways	44	Nov. 4	£1,894	184	68,718
Mexican Railway	20	14 483	£228,700	84,200	5,743,300

SUEZ CANAL RECEIPTS

Company	1937	1936	1935	1934	1933
Suez Canal	44	Nov. 10	£284,900	£5,800	9,408,100

TRAMWAYS WEEKLY GROSS RECEIPTS

Company	1937	1936	1935	1934	1933
Anglo-Argentine	45	Nov. 11 325	£655,952	9,144	28,751,381
B. Aires Lacrosse	18	Oct. 31	£65,428	4,236	1,048,880
Burnley, Colne and Nelson, Jt. Trmpt.	45	Nov. 13 87-68	£5,300	208	40,92,343
Calcutta Tramways	45	13	Rs. 1,22,400	7,142	1,005,878
Liverpool Corp.	32	10	£31,070	1,090	10,35,988
Madras Electric	43	Oct. 31	£49,767	802	10,35,988

MONTHLY TRAFFICS

Company	Months	Ending	Description	Receipts for Month	Aggregate Receipts
				1937	1937
British Columbia Pow.	4	Oct. 31	Gross Net	\$1,248,482	4,933,810
Catalinas Warehouses	1	Oct. 31	Gross	\$383,469	1,434,025
Costa Rica Ry.	3	Sept. 30	Gross	\$3,370	78,446
Midland Uruguay Ry.	4	Oct. 31	Gross	\$29,141	284,607
N. Westn. of Uruguay	4	Oct. 31	Gross	\$78,500	32,802
Rangoon Elect. Tramway	10	Oct. 31	Gross	\$23,500	73,787
Rhodesia Railways	12	Sept. 30	Gross	\$2,739	8,457
Temisonta Ry.	1	Sept. 30	Gross	\$15,491	1,092,034
Tokyo Electric Light	9	Sept. 30	Gross	\$1,911,104	16,031
Uruguay Northern	4	Oct. 31	Gross	\$432,312	96,504

ASSOCIATED EQUIPMENT COMPANY.—Final dividend of 13d. per £1 stock unit, tax free, making 1s. 6d., tax free, for year to September 30th (equal to 10 per cent. subject to tax). A similar distribution was made last year.

BANK OF LONDON AND SOUTH AMERICA.—Ordinary dividend raised from 3 per cent. to 5 per cent.

BRITISH OVERSEAS BANK, LTD.—This bank is retaining its profit of £52,454. The board say that on account of the disturbed conditions prevailing it does not recommend a dividend as they consider the profit should be held until the outlook is clearer. The previous year's profit was £82,376, and 6 per cent. was paid on £1,000,000 "A" ordinary capital.

BRITISH PLASTER BOARD.—Interim dividend, 20 per cent. as before.

DENNIS BROTHERS, LTD.—Final dividend of 10d. per 1s. share, making 1s. 2d. for the year to September 30th, against 1s. 8d. for 1935-36. The carry-forward has been increased by £9,500.

UNILEVER INTERIM DIVIDENDS.—The Unilever dividend is 4 per cent. per £1 of stock. Unilever N.V. dividend is £. 30 per £1. 1000 share, both payable December 1st. On December 1st both companies will pay preference dividends for the seven months ending December 31st.

FOURTH BRITISH FIXED TRUST.—Dividend 3½d. per sub-unit.

GOLD COAST SELECTION TRUST.—An interim dividend of 10 per cent., free of tax, has been declared for year ending March 31, 1938, payable on January 3rd. This is the first cash distribution.

ITALO-BELGIAN BANK.—Net profit for year to June 30, 1937, amounts to Bel. Fcs. 13,617,188, including the Bel. Fcs. 1,616,096 brought forward. The board propose a dividend of Bel. Fcs. 50 (10 per cent.) (free of Belgian tax) per share, against Bel. Fcs. 40 (8 per cent.), and to carry forward Bel. Fcs. 1,863,818.

DIVIDEND ANNOUNCEMENTS

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

Name of Company	Interim or Final	Date of Payment	Comparison with Last Year	Total Latest Year	Previous Year
RAILWAYS					
Bengal-Nagpur Railway	2%†	...	Same	4	4
Bank of British West Africa	2%*	Dec. 1	Unchanged	5	3
Bank of London & South America	...	...	...	Nil	16
British Overseas Bank	...	...	...	16	16
National Bank of Scotland	...	...	...	...	...
TEA AND RUBBER					
Ampat (Sumatra) Rubber	...	Dec. 1	...	5	Nil
Asahan Rubber	...	...	...	10	5
Cranley Tea	3%*	Dec. 14	2½%*	8	6½
Deamoolie Tea	5½%†	Dec. 14	4½%†	12½	12½
Dekhari Tea	5%*	Dec. 4	2½%*	...	...
Devon Estates (Malacca)	2½%*	Dec. 1	2½%*	...	...
Dindings Rubber	2½%*	Dec. 15	Same	...	...
Djasinga Rubber	...	...	...	5	...
East Java Rubber	5%*	Dec. 3	...	7½	2½
Hanipha (Ceylon) Tea	2½%*	Dec. 18	Nil*	4	...
Kanna Rubber	...	...	...	15	10
Kinta Kelas Rubber	5%*	Nov. 28	2½%*	...	...
New Sylhet Tea	5%*	Dec. 16	2½%*	...	...
Nilgiri Plantations (ord. and pref.)	10%*	Dec. 1	5%*	...	Nil
Palmaadulla Rubber	5%*	Jan. 1	5%*	10	...
Pebbojan Tea	5%*	Dec. 2	2½%*	...	...
Rupai Tea	5%*	Dec. 4	2½%*	...	...
Sembilan Estates (pref. and ord.)	...	Dec. 9	2½%*	10	10
Sendayan (F.M.S.) Rubber	...	Dec. 10	...	12½	10
Shelford Rubber	...	Dec. 10	...	10	7½
Simo Rubber	7½%*	Dec. 1	Nil*	...	...
Tara Tea	5%*	Nov. 25	Nil*	...	7½
Travancore Tea	4%*	Dec. 4	2½%*	15	...
MINING					
Associated Tin (Nigeria)	5%*	Dec. 23	Same	(f) 10	(f) 10
Gold Coast Selection Trust	10%*	Jan. 3	Nil*	...	...
Kinta Kelas Tin	5%*	Dec. 16	...	...	...
Marlu Gold	15%*	Jan. 3	Nil*	...	...
Pengkalan (Pref. and Ord.)	10%*	Dec. 11	Same	...	...
Trepa Mines	11½%†	Dec. 4	11½%†	30	25
Wankie Colliery	4%†	Dec. 7	...	20	10
OTHER COMPANIES					
Anglo-Newfoundland Development	3%*	Jan. 15	2½%*	...	6
Associated Equipment	11½p.a.†	...	Same	17½	17½
Atlas Steel Foundry	20%*	...	Same	30	15
Austins of East Ham	7½%*	...	Same	125	17½
Bass Ratcliff and Gretton	7½%*	...	Same	125	17½
Bentleys Yorkshire Breweries	19%†	...	19%†	11	10
Birkenhead Brewery	7½%*	...	6%†	11	10
British Plaster Board	20%*	Dec. 15	Same	110	10
British Tabulating Machine	15%†	Dec. 7	Same	110	10
Butler Machine Tool	3%*	Dec. 3	First period 5%*	10	...
Carr's Flour Mills	3%*	Dec. 3	...	10	10
Charterhouse Investment Trust	5%*	Dec. 1	Same	5½	5½
Cheapside Land Development	5%*	Dec. 1	Same	...	...
Chloride Electric Storage (A & B)	5%*	Nov. 30	Same	...	...
Clover Paint, etc.	2½%*	...	Same	...	...
Cockburn Trust	2½%*	...	Same	...	...
Consolidated London Properties	3½%*	...	Same	...	...
De Vere Hotels	8½%†	...	13½%†	116½	168½
Dennis Brothers	5%*	Nov. 29	Same	10	10
De La Rue & Co.	...	...	...	10	10
Dorman Long and Co. Ord.	...	...	...	10	10
Dundee and London Investment	...	...	...	10	10
Fleming (A. B.) and Company	5%*	Nov. 23	Same	...	...
Fletcher and Cartwrights	...	...	...	...	...
Gascolines (Reading)	...	...	First period	6	6
Gilbert (D. M.)	...	Dec. 6	...	10	10
Grand Hotel, Eastbourne	...	...	...	10	10
Halford Cycle	...	...	...	20	20
Hazell Watson and Viney	3%*	Dec. 2	Same	...	...
Higson's Brewery	7½%*	Dec. 14	Same	27½	27½
Ind Coops and Allsopp	20%†	...	6%†	15	15
Investors Mortgage Security	12½%*	Nov. 30	10%*	115	115
Kempton Park Racecourse	(b) 10%†	...	...	11	12½
Mellows and Company	6%*	Nov. 30	Same	...	...
Mercantile Credit	1%*	Nov. 30	Same	...	...
Metal Industries (A & B Ord.)	3%*	Nov. 30	Same	...	...
Minimax	1%*	Nov. 30	Same	...	...
Monks Investment Trust	1%*	Nov. 30	Same	...	...
Montgomery and Company	1%*	Nov. 30	Same	...	...
Morgans Brewery	(b) 11½%†	Dec. 14	...	18½	18½
Moss Gear	8½%*	...	10%†	12½	15
Palace (Torquay)	5%*	Dec. 1	Same	12½	10
Palestine Electric	12½%*	Dec. 31	Same	...	12½
Pennsylvania Water, etc.	11½%*	Jan. 3	11 p.a.	7½	7½
Phillips (H. W.) and Company	8%*	Nov. 30	8%*	...	...
Pinner's Hall (Austin Friars)	...	...	...	10	10
Plessey Company	10%†	...	...	20	10
Power Gas Corporation	14%†	...	...	8	6
Queen Anne's Mansions	45%†	...	...	19	10
Radcliffe's Edible Products	7½%†	...	...	10	50
Radio Rentals	10%†	...	First period	12½	15
Redfern Brothers	...	Dec. 18	Same	15	15
Sage (Frederick)	2%*	Dec. 1	2½%*	6	6
Selected Land and Property Ord.	7½%*	Dec. 1	2½%*	...	...
No. do. Deferred	2½%*	Dec. 16	Same	...	...
Shorts (deferred)	...	...	...	16	12
Sperati (C. A.)	11%*	...	11%*	18	18
Spicers, Ltd.	11%*	...	Same	4	4
Starkey, Knight and Ford	14%†	...	Same	...	...
Steaua Romano	5%*	Dec. 1	Same	...	...
Stephany Furniture Trades	14%†	...	Same	...	...
Tate and Lyle	10%*	Dec. 1	7½%*	18½	18½
Terry (Robert) and Sons	4%†	Dec. 1	...	5	Nil
Tobacco Co. (Rhodesia, etc.)	4%*	Dec. 1	3½%*	...	7½
Third Edinburgh Investment	...	...	...	...	...
Unilever, Ltd.	...	...	...	...	...
Vosper, Ltd.	...	...	...	...	...
Walmsleys (Bury)	...	...	...	...	...
Western Sugar Refineries	11½%†	Nov. 30	7%†	12	11
Whitefriars Investment Trust	...	...	...	20½	17½
Whitehead Iron and Steel	(b) 12½%*	...	Same	2	3
Wigan Coal and Iron	1%*	...	...	...	...
Wright's Ropes	...	...	...	...	...

† Free of income tax. (b) Paid on a larger capital.

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

THE principal commodity markets in this country, like the stock markets, are being largely influenced by developments in the United States. Declining industrial activity in that country and fears of a further recession have severely curtailed demand and have thus had a depressing influence on commodity prices. After showing some recovery before the week-end, prices in numerous instances have again eased owing to disappointment over President Roosevelt's message to Congress.

These tendencies are well illustrated by the behaviour of the metal markets which, after rallying at the end of last week,

subsequently relapsed. At the close on Wednesday, however, copper, lead and spelter were still a shade dearer than a week earlier. Tin showed a further net loss on the week, mainly in consequence of a fresh decline in the activity of the American tinplate industry. The market in rubber underwent similar fluctuations, but showed no net change over the week. Quotations for raw cotton again showed a sagging tendency, while jute and wool were also a little cheaper. Other textile fibres were unaltered.

Wheat prices firmed up late last week on the news of frost damage in Argentina, and although part of the rise has since been lost quotations still show some improvement. Among other foodstuffs, bacon is steady and cheese unaltered. The

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

SUMMARY											
Company	Year Ending	Balance from Last Account	Net Profit After Payment of Debenture Interest	Amount Available for Distribution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Depreciation, etc.	Balance Forward	Net Profit	Dividend
					Prefce.	Ordinary					
					Amount	Amount	Rate				
Banks											
English, Scottish & Australian	June 30	£ 306,787	£ 276,127	£ 582,914	£ ...	£ 171,935	% 7	£ 105,000	£ 305,979	£ 257,460	% 5†
Royal Bank of Scotland ...	Oct. 9	...	636,420	636,420	...	481,975	17	154,445	...	632,035	17
Breweries											
Ansells Brewery	Sept. 30	215,389	603,735	819,124	17,500	324,786	17½	250,000	226,838	495,928	25b
Associated British Maltsters	Aug. 31	27,545	116,394	143,939	49,115	18,750	10	48,314	27,760	114,990	15
Baird (Hugh) and Sons	Aug. 31	4,079	10,622	14,701	3,000	2,662	5	5,000	4,039	9,243	4
Bass, Ratcliff and Gretton	Sept. 30	666,529	971,148	1,637,677	68,000	558,910	25†	291,963	718,804	936,857	24†
Butler (W.) and Company	Sept. 30	57,964	159,959	217,923	23,000	90,000	18†	30,000	74,923	139,205	17†
Fremlins, Ltd.	Sept. 30	35,569	106,304	141,873	26,250	35,000	10	45,000	35,623	101,862	10
Holt Brewery	Sept. 30	42,569	70,973	113,542	23,493	42,039	7½	5,000	43,010	59,109	5½
Morgan's Brewery.....	Sept. 30	44,718	66,281	110,999	13,800	42,188	16½	10,000	45,011	56,475	15
Northampton Brewery	Sept. 30	41,597	45,928	87,525	8,250	28,460	15	...	50,815	37,880	15
Stroud Brewery.....	Sept. 30	16,075	81,133	97,208	4,690	42,936	17½	30,965	18,617	75,671	17
Financial, Land, etc.											
Capital and Provincial Property Trust.....	Sept. 30	1,583	13,903	15,486	...	8,624	3½	5,355	1,507	14,339	4
Daily Mail and General Trust	Sept. 30	134,925	326,592	461,517	60,000	280,582	11½†	...	120,935	306,403	11½†
Mutual Finance, Ltd.....	Sept. 30	6,620	29,365	35,985	12,559	5,100	10	12,829	5,497	23,000	10
Properties Selection and Investment	Sept. 30	714	8,054	8,768	...	5,231	6	2,790	747	7,337	5½
Hotels, Restaurants, etc. Slaters and Bodega	Sept. 30	11,574	50,731	62,305	9,375	25,312	5	21,381	6,237	50,103	5
Iron, Coal and Steel											
Brown, Bayley's Steel	July 31	20,124	138,368	158,492	50,000	30,000	10†	50,000	28,492	123,542	Nil
Motor, Cycle and Aviation											
Armstrong Siddeley Development	July 31	26,236	532,929	559,165	51,775	472,744	150	...	34,646	339,620	107½
Elswick-Hopper Cycle, etc. Short Bros. (Rochester, etc.)	July 31	9,466	23,535	33,001	2,685	15,939	15	5,000	9,377	23,425	15
	Aug. 31	79,296	98,026	177,322	...	72,000	40	61,304	44,018	75,971	30
Rubber											
Ampat (Sumatra)	Sept. 30	3,074	13,980	17,054	...	7,750	5	5,656	3,648	1,970	Nil
Bukit Pulai	June 30	1,519	10,019	11,538	...	5,604	5	3,700	2,234	3,041	3
Djasinga	June 30	5,465	44,315	49,780	...	33,610	7½	7,500	8,670	10,573	2½
Malaya General	Aug. 31	12,622	53,760	66,382	...	53,600	27½	...	12,782	24,948	12½
South Perak	June 30	834	6,341	7,175	...	5,000	8½	1,000	1,175	2,646	3½
Sumatra Para	June 30	8,137	18,001	26,138	...	16,999	7½	1,159	7,980	9,132	4
Sungei Buaya (Sumatra) ...	Sept. 30	8,845	36,715	45,560	...	18,875	10	14,000	12,685	9,481	2½
United Temiang (F.M.S.) ...	July 31	10,976	23,581	34,557	...	18,750	7½	2,500	13,307	13,720	5
Shops and Stores											
British Overseas Stores ...	June 30	Dr. 1,546	18,676	17,130	...	...	...	1,270	15,860	5,956	Nil
Textiles											
Goodacre (William) and Sons	June 30	4,368	36,862	41,230	14,050	12,038	5	...	15,142	23,262	Nil
Simpson and Godlee	Sept. 29	47,612	20,308	67,920	...	...	...	...	67,920	4,817	Nil
Trusts											
Foreign Rlwns. Investment	Oct. 31	44,897	Dr. 907	43,990	...	...	...	...	43,990	Dr. 183	Nil
Other Companies											
Berisford (S. and W.)	Sept. 30	14,724	54,170	68,894	7,500	36,000	16	10,000	15,394	51,589	16
British Industrial Plastics...	Sept. 30	2,807	52,757	55,564	1,482	25,682	8	24,227	4,173	37,389	8
British Syphon	Sept. 30	6,004	16,041	22,045	7,000	7,000	7	2,000	6,045	12,741	7
Burco, Ltd.	Sept. 30	...	(v) 24,877	24,877	...	15,750	20	3,000	6,127	(a)	(a)
Butler Machine Tool	Sept. 30	...	40,887	40,887	4,374	20,000	10	1,760	4,753	(a)	(a)
Coventry Gauge, etc.	Aug. 31	8,186	45,531	53,717	...	7,500	10	14,290	31,927	13,976	7½
Dick (R. and J.)	Aug. 31	11,897	26,089	37,986	10,969	7,312	10	10,000	9,705	18,388	5
Enfield Rolling Mills	Sept. 30	Dr. 71,964	63,663	Dr. 8,301	...	...	...	22,589	Dr. 30,890	Dr. 5,059	Nil
Irish Times	Sept. 30	857	18,686	19,543	17,011	...	...	1,451	1,081	17,900	Nil
Liverpool Warehousing ...	Sept. 30	46,414	43,210	89,624	13,406	24,375	5	3,000	48,843	(f) 19,629	5
Radio Rentals	Aug. 31	...	15,983	15,983	1,678	9,375	12½	1,808	3,122	(a)	(a)
Splintex Safety Glass	June 30	Dr. 47,664	6,666	Dr. 40,998	...	...	...	...	Dr. 40,998	890	Nil
Stuttaford and Company ...	Aug. 31	45,711	79,520	125,231	12,600	48,000	12	22,000	42,631	72,657	12
Wall Paper Manufacturers	Aug. 31	269,765	717,746	987,511	71,992	{ 165,482 10(k)	{ 12½(m)	{ 165,000	303,705	669,296	{ 10(k)
Walmsleys (Bury)	Sept. 30	60,861	69,040	129,901	13,000	36,000	12	...	80,901	68,861	11

MAIZE.—After fair fluctuations prices show a slight advance compared with those ruling a week ago. "December" futures were quoted on Wednesday at 55½ cents per bushel in London, against 56 cents a week ago, and 56½ cents a month. Quotations in India, on Wednesday, were: "Plate," landed, 30s. per 480 lbs., as against 29s. 9d. a week ago; "ex ship, 29s., as against 28s. 9d. a week ago; "Plate," "November," 29s., as against 28s. 9d. a week ago; yellow maize meal, ex wharf, was quoted at £7 12s. 6d. per ton, as against £7 12s. 6d. last week.

OVERSEAS TRADE RETURNS

	IMPORTS (Value C.I.F.)		Ten Months ended October 31	
	1936	1937	1936	1937
I.—Food, Drink and Tobacco—				
A. Grain and Flour	7,418,864	8,540,054	54,015,410	73,968,896
B. Feeding-stuffs for Animals	873,605	1,011,169	6,627,958	9,028,074
C. Animals, Living, for Food	890,992	740,484	5,876,718	5,688,285
D. Meat	6,408,424	7,567,706	65,450,104	71,437,124
E. Dairy Produce	5,695,046	6,734,154	55,408,533	58,691,797
F. Fresh Fruit and Vegetables	3,392,758	3,421,889	31,726,235	31,651,704
G. Beverages and Cocoa Preparations	4,227,933	5,297,167	36,095,958	38,050,912
H. Other Food	6,653,044	7,350,290	40,209,451	46,005,109
I. Tobacco	3,315,776	2,577,865	13,777,307	11,891,931
Total, Class I	38,874,442	43,240,778	308,787,674	346,413,632
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	2,782	2,172	27,537	21,135
B. Other Non-Metalliferous Mining and Quarry Products and the like	355,423	470,151	3,491,946	4,361,938
C. Iron Ore and Scrap	624,318	1,100,160	7,215,373	9,967,066
D. Non-Ferrous Metalliferous Ores and Scrap	873,371	1,658,604	9,863,704	15,401,423
E. Wood and Timber	5,205,174	6,956,365	35,300,025	50,108,732
F. Raw Cotton and Cotton Waste	4,311,568	4,383,133	35,647,812	38,375,643
G. Wool, Raw and Waste, and Wollen Rags	2,893,300	3,607,584	36,512,309	45,645,955
H. Silk, Raw, Knobs and Nails	165,955	223,700	1,551,116	1,799,399
I. Other Textile Materials	887,129	666,343	8,651,988	10,323,428
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums	2,394,245	3,130,664	24,026,417	29,973,716
K. Hides and Skins, Undressed	1,526,106	1,717,647	15,321,932	21,288,292
L. Paper-making Materials	1,036,386	1,608,123	9,612,265	12,398,761
M. Rubber	342,919	1,249,323	3,872,068	10,252,738
N. Miscellaneous Raw Materials and Articles mainly Unmanufactured	1,081,526	1,173,354	8,490,409	10,025,783
Total, Class II	21,500,202	27,947,323	199,584,901	259,944,009
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and Manufactured Fuel	22,497	1,260	84,311	84,112
B. Pottery, Glass, Abrasives, etc.	755,811	746,265	6,067,101	6,772,088
C. Iron and Steel and Manufactures thereof	914,253	2,295,686	10,024,845	14,268,854
D. Non-Ferrous Metals and Manufactures thereof	2,734,898	4,361,176	26,585,149	46,771,652
E. Cutlery, Hardware, Implements and Instruments	651,165	697,870	5,619,443	6,408,393
F. Electrical Goods and Apparatus	386,094	381,238	2,977,785	3,447,450
G. Machinery	1,612,533	2,055,114	14,830,161	20,299,749
H. Manufactures of Wood and Timber	642,329	764,530	6,207,601	6,967,232
I. Cotton Yarns and Manufactures	292,449	321,739	2,307,561	2,814,275
J. Woollen and Worsted Yarns and Manufactures	305,934	418,383	2,505,244	3,628,392
K. Silk Yarns and Manufactures	241,515	247,811	2,159,403	2,201,377
L. Manufactures of other Textile Materials	750,890	772,876	6,153,858	6,782,932
M. Apparel	885,265	999,497	8,135,594	9,309,970
N. Chemicals, Drugs, Dyes and Colours	1,216,456	1,294,356	10,381,989	11,298,750
O. Oils, Fats and Resins, Manufactured	3,487,045	3,722,512	30,504,766	38,734,942
P. Leather and Manufactures thereof	916,739	808,501	8,023,579	8,467,932
Q. Paper, Cardboard, etc.	1,283,851	1,644,688	12,102,187	13,606,875
R. Vehicles (including Locomotives, Ships and Aircraft)	464,708	518,322	4,059,313	5,339,218
S. Rubber Manufactures	48,523	60,667	484,056	619,925
T. Miscellaneous Articles wholly or mainly Manufactured	2,149,565	2,264,641	16,392,974	18,885,086
Total, Class III	19,762,518	24,387,112	175,606,920	226,709,204
IV.—Animals, not for Food	196,010	277,012	1,652,307	2,533,873
V.—Parcel Post	198,748	233,202	2,477,161	2,339,880
Total	80,531,920	96,085,427	688,108,963	837,940,598

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

NEAREST FUTURE	Jan. 2, 1935	Dec. 31, 1935	Nov. 18, 1936	Dec. 30, 1936	Nov. 10, 1937	Nov. 17, 1937
Winnipeg (No. 1, Manitoba) —Cents per 60 lbs.	82½	84½	106½	129	111½	118½
Chicago (No. 2, Winter) —Cents per 60 lbs.	98½	101½	117½	135½	89½	94½

The visible supply of wheat in Canada amounts to 72,868,000 bushels, against 74,399,000 bushels last week and 82,039,000 bushels in the corresponding week last year.

SALES AND PRICES OF BRITISH CEREALS.—The following table gives the estimated sale of home-grown wheat during the harvest years 1934-35 to 1937-38.

	1934-35	1935-36	1936-37	1937-38
Estimated sales of home-grown wheat—				
1 week to November 6	Cwts. 352,853	Cwts. 401,649	Cwts. 321,348	Cwts. 308,469
10 weeks to November 6	5,135,296	5,146,840	4,085,680	4,213,795
Average price of English wheat per cwt.	s. d. 4 11	s. d. 5 11	s. d. 8 8	s. d. 9 1

EXPORTS OF PRODUCE and MANUFACTURES of the UNITED KINGDOM (Value F.O.B.)

	Month ended October 31		Ten Months ended October 31	
	1936	1937	1936	1937
I.—Food, Drink and Tobacco—				
A. Grain and Flour	172,710	140,772	1,479,426	1,425,915
B. Feeding-stuffs for Animals	43,927	39,872	472,368	558,395
C. Animals, Living, for Food	142	202	2,613	95,712
D. Meat	125,201	116,019	849,719	886,968
E. Dairy Produce	113,051	89,588	1,104,148	1,003,864
F. Fresh Fruit and Vegetables	46,145	25,963	133,505	323,372
G. Beverages and Cocoa Preparations	1,520,884	1,368,670	10,590,666	12,539,201
H. Other Food	1,192,333	1,175,888	9,996,596	10,312,690
I. Tobacco	404,838	487,752	3,730,350	4,226,815
Total, Class I	3,619,231	3,442,526	28,359,391	31,372,932
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	2,774,354	3,758,101	24,248,223	31,227,183
B. Other Non-Metalliferous Mining and Quarry Products and the like	120,640	129,092	943,617	1,123,207
C. Iron Ore and Scrap	34,881	89,907	302,526	814,051
D. Non-Ferrous Metalliferous Ores and Scrap	167,990	244,297	1,713,354	2,780,914
E. Wood and Timber	5,673	9,180	76,377	86,293
F. Raw Cotton and Cotton Waste	67,355	74,037	700,510	87,082
G. Wool, Raw and Waste, and Wollen Rags	825,373	571,818	5,936,573	8,028,924
H. Silk, Raw, Knobs and Nails	1,370	720	11,953	8,182
I. Other Textile Materials	50,787	35,573	432,293	502,129
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums	234,917	296,423	2,724,689	3,253,477
K. Hides and Skins, Undressed	108,614	108,160	1,426,235	1,513,124
L. Paper-making Materials	109,036	171,954	1,007,482	1,578,158
M. Rubber	18,228	26,906	149,281	334,152
N. Miscellaneous Raw Materials and Articles mainly Unmanufactured	245,142	293,446	2,171,315	2,345,285
Total, Class II	4,765,980	5,809,614	41,844,628	54,499,111
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and Manufactured Fuel	351,287	408,313	2,434,015	3,590,698
B. Pottery, Glass, Abrasives, etc.	825,162	924,935	7,185,656	8,295,045
C. Iron and Steel and Manufactures thereof	3,333,949	4,478,435	29,477,989	39,955,548
D. Non-Ferrous Metals and Manufactures thereof	975,010	1,898,397	10,128,284	13,354,263
E. Cutlery, Hardware, Implements and Instruments	802,691	914,263	6,749,963	8,039,969
F. Electrical Goods and Apparatus	1,042,845	1,207,125	8,164,263	10,234,413
G. Machinery	3,589,557	4,649,913	33,882,567	40,050,754
H. Manufactures of Wood and Timber	123,584	119,714	994,971	1,093,496
I. Cotton Yarns and Manufactures	5,745,220	5,778,511	50,991,271	58,091,875
J. Woollen and Worsted Yarns and Manufactures	2,689,189	2,738,582	27,056,563	30,872,993
K. Silk Yarns and Manufactures	123,960	122,349	1,032,245	1,234,593
L. Manufactures of other Textile Materials	1,627,232	1,741,774	14,312,501	17,223,327
M. Apparel	1,182,857	1,159,091	10,028,436	10,500,590
N. Chemicals, Drugs, Dyes and Colours	1,910,341	2,095,650	17,334,085	20,741,704
O. Oils, Fats and Resins, Manufactured	440,519	478,481	4,116,507	5,028,090
P. Leather and Manufactures thereof	424,590	510,282	3,454,355	4,599,970
Q. Paper, Cardboard, etc.	662,314	782,124	5,816,076	6,963,077
R. Vehicles (including Locomotives, Ships and Aircraft)	3,519,161	3,785,620	26,715,663	32,384,113
S. Rubber Manufactures	134,870	135,844	1,312,833	1,391,643
T. Miscellaneous Articles wholly or mainly Manufactured	2,653,037	2,817,499	20,846,081	24,188,158
Total, Class III	32,157,075	36,748,842	281,734,274	337,084,139
IV.—Animals, not for Food	100,996	100,991	846,978	679,428
V.—Parcel Post	1,121,451	1,116,075	9,000,741	9,252,921
Total	41,764,413	47,216,048	381,786,012	432,856,531

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

Week ended	Quantities Sold			Average Price per Cwt.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
November 11, 1933	Cwts. 258,735	Cwts. 447,872	Cwts. 40,752	s. d. 4 8	s. d. 9 8	s. d. 8 4
November 10, 1934	352,853	388,369	44,896	4 11	8 10	6 7
November 16, 1935	401,649	380,680	44,962	5 11	8 5	6 1
November 14, 1936	321,348	457,081	62,098	8 8	9 11	6 10
November 6, 1937	347,693	581,176	48,773	9 2	13 0	8 6
November 13, 1937	308,469	537,275	53,605	9 1	13 0	8 6

OTHER FOODS

BACON.—The market is steady. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 91s.; Canadian, 89s.; last week included: Danish, 12,058 bales; Canadian, 7,077; Dutch, 2,692; Lithuanian, 1,068; and Polish, 2,784; as against 13,539, 6,596, 2,692, 1,381 and 3,329 bales, respectively, in the previous week.

BUTTER.—The butter market has collapsed after the recent rise. Trading on Wednesday was practically at a standstill with prices nominal. Quotations (per cwt.) on the London Provision Exchange on Monday were: New Zealand, finest salted, 131s. to 132s.; Australian, choicest salted, 128s. to 130s.; Danish, 150s.; compared with 140s. to 142s.; 140s. to 141s., and 150s. to 152s., respectively, a week ago.

CHEESE.—Trading has been quiet and New Zealand is a shade easier. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English Cheddars, finest farmers, 92s. to 94s.; Canadian, finest coloured, 73s. to 74s.; and New Zealand, finest coloured, 70s. to 70s. 6d.; against 92s. to 94s., 73s. to 74s., and 72s. to 72s. 6d., respectively, a week ago.

COCOA.—The spot quotation in New York on Wednesday was 5½ cents per lb., as against 6½ cents per lb. last week. In London, on Wednesday last, good fermented new crop, Accra, "December-February," was quoted at 26s. 3d. sellers per 50 kilos, c.i.f. Continent, against 27s. a week ago. Last week's movements of cocoa in London were as follows: Landed, 356 bags; delivered for home consumption, 5,913 bags; exported, 9,824 bags; stocks, 153,411 bags, against 114,909 bags a year ago.

COFFEE.—On Wednesday, Rio No. 7 (cash) was 6½ cents per lb. in New York, as compared with 7½ last week and 8½ a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 24 cwt.; delivered for home consumption, 12 cwt.; exports, nil; stocks, 1,680 cwt., against 9,312 a year ago. Central and other South American: Landed, 475 cwt.; delivered, for home consumption, 2,471 cwt.; exported, 442 cwt.; stocks, 70,358 cwt., against 56,806 cwt. last year. Other kinds: Landed, 2,730 cwt.; delivered for home consumption, 3,787 cwt.; exported, 343 cwt.; stocks, 62,822 cwt., against 91,471 last year.

EGGS.—A rather firmer tone was displayed this week and prices have risen. At Smithfield, on Wednesday, English (ordinary packing, Grade I, about 15-15½ lb.) realised 23s. to 24s. per 120, against 22s. 6d. to 23s. 6d. last week; while Danish (15½ lb.) made 15s. 6d. to 16s.; as against 15s. to 15s. 6d. last week.

FRUIT.—The cold bright weather has been favourable to business in the period under review and prices have been fairly steady. At Covent Garden, according to *The Fruitgrower*, a consistent inquiry for apples is noticeable, but orders are usually for small lots. English are in only moderate supply and prices are consequently firmer. The limited supplies of English pears also meet a steady inquiry, with prices showing little alteration. Hothouse grapes are generally rather slow, with prices easier. English cobnuts are a point firmer on shorter supplies, walnuts sell well and inquiry for chestnuts is improving. Oranges continue to sell moderately well, with selected parcels firm. Lemons are cheaper on increasing supplies, while grapefruit are rather slow and easier.

MEAT.—At Smithfield Market on Wednesday last, Argentine chilled hindquarters were quoted at 4s. 4d. to 4s. 8d. per 8 lb., as compared with 4s. 2d. to 4s. 6d. a week ago. New Zealand frozen mutton was 2s. 8d. to 4s. 8d., as against 2s. 8d. to 4s. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 9,714 tons and an increase of 131 tons on the corresponding week last year. Beef and veal accounted for 5,054 tons, mutton and lamb 2,677, and pork and bacon 969, as compared with 5,134, 2,425 and 1,169 tons, respectively, in the same week of 1936.

MILK.—Information relative to the operation of the Milk Marketing Scheme during October as issued by the Milk Marketing Board is given in the following table, together with comparable statistics for earlier months.

	Oct., 1936	July, 1937	Aug., 1937	Sept., 1937	Oct., 1937
Regional pool prices* (per gallon):					
Northern	d. 13	d. 10	d. 10½	d. 12½	d. 14
North-Western	13	10	10½	12½	14
Eastern	13	10½	10½	12½	14½
East Midland	12½	9½	10½	12	13½
West Midland	12½	9½	10½	12	14
North Wales	12½	10	10½	12½	14
South Wales	13	10½	10½	12½	14½
Southern	12½	9½	10½	12	13½
Mid-Western	12½	9½	10	12	13½
Far Western	13	10½	11	13	14½
South-Eastern	13	10½	11	13	14½
Liquid milk price (per gallon, all regions)	17	13	13	15	17
Manufacturing price (per gallon, average)	5.768	5.55	6.292	6.425	7.237
Total sales under contract	72.98	81.53	75.34	67.42	67.57
For liquid consumption	47.65	50.50	43.69	49.26	52.25</

WHOLESALE COMMODITY PRICES

UNITED KINGDOM: LONDON, November 17th

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

CEREALS AND MEAT				POTATOES—				WOOL—			
GRAIN, Etc.—				King Edward (per cwt.)				English Southdown, greasy, per lb.			
Wheat—				Other English				" Lincoln hog, washed			
No. 2, N. Man. 486 lb.				SPICES—				Queensland, sd. super cmbg.			
Eng. Gas. av., per cwt.				Pepper, per lb.				N.S.W. greasy, super cmbg.			
Barley, Eng. Gas. av.				Black Lampong				N.Z., gray, half-bred 50-55			
Oats				White Muntok				Crossbred 40-44			
Maize, La Plata, landed				Cinnamon—1st sort, per lb.				Tops—			
480 lb.				Cloves—Zanzibar, per lb.				Merino 70's average			
Flour, Lon. stan. ex mill,				Ginger—per cwt.				64's			
280 lb.				African				Crossbred 48's			
Rice No. 2 Burma, per cwt.				Jamaica, ord. to good				48's			
MEAT—				Mace				MINERALS			
Beef, per 8 lbs.				Nutmegs, 65's				COAL—			
English long sides				SUGAR—				Wash, best Ad'ty...ton			
Argentine chilled hinds				(Duty, 11/8 per cwt.)				Durham, best gas, f.o.b.			
Mutton, per 8 lbs.				Centrifugals, 96", prpt.				Do. Eng. or WS do.			
English wethers				shipm., c.f.f. U.K./Cont.				Bellica from DS do.			
N.Z. frozen				B.W.I., crystallised				Do. Eng. or WS do.			
Lamb, per 8 lbs.				Java, white, c. & f. India				Do. Eng. or WS do.			
N.Z. frozen				Oct.-Dec.				Dressing Hides			
Pork, English, per 8 lbs.				Nominal				Ro. Eng. Calf, 20/30 lb.			
OTHER FOODS				Ravens—London				Aust. Bends Avg. 7/10 lb.			
BACON—				Yellow Crystals				LEATHER—			
English				Cubes				Sole Bends 8/14 lb.			
Irish				Crushed				per lb.			
Danish				Granulated				Bark Tanned Sole			
Dutch				Home Grown				Shoulders fm DS Hides			
HAMS—				TEA—				Do. Eng. or WS do.			
Canadian				India—per lb.				Do. Eng. or WS do.			
United States				Peekoe				Do. Eng. or WS do.			
BUTTER—				Broken Pekoe				Do. Eng. or WS do.			
Australian				Orange Pekoe				Do. Eng. or WS do.			
New Zealand				Broken Orange Pekoe				Do. Eng. or WS do.			
Danish				Ceylon—per lb.				Do. Eng. or WS do.			
CHEESE—				Peekoe				Do. Eng. or WS do.			
Canadian				Broken Pekoe				Do. Eng. or WS do.			
New Zealand				Orange Pekoe				Do. Eng. or WS do.			
English Cheddars				Broken Orange Pekoe				Do. Eng. or WS do.			
Dutch				Ceylon—per lb.				Do. Eng. or WS do.			
COCOA—				Peekoe				Do. Eng. or WS do.			
(Duty, British grown,				Broken Pekoe				Do. Eng. or WS do.			
11/8; foreign, 14/- cwt.)				Orange Pekoe				Do. Eng. or WS do.			
Accra, f.f. per cwt.				Broken Orange Pekoe				Do. Eng. or WS do.			
Trinidad				Ceylon—per lb.				Do. Eng. or WS do.			
Grenada				Peekoe				Do. Eng. or WS do.			
COFFEE—				Broken Pekoe				Do. Eng. or WS do.			
(Duty, British grown,				Orange Pekoe				Do. Eng. or WS do.			
4/8; foreign, 14/- cwt.)				Broken Orange Pekoe				Do. Eng. or WS do.			
Santos sup. c. & f. cwt.				Ceylon—per lb.				Do. Eng. or WS do.			
Colombian, good				Peekoe				Do. Eng. or WS do.			
Costa Rica, med. to good				Broken Pekoe				Do. Eng. or WS do.			
East Indian				Orange Pekoe				Do. Eng. or WS do.			
Kenya, medium				Broken Orange Pekoe				Do. Eng. or WS do.			
EGGS—				Ceylon—per lb.				Do. Eng. or WS do.			
English				Peekoe				Do. Eng. or WS do.			
Danish				Broken Pekoe				Do. Eng. or WS do.			
FRUIT—Oranges—				Orange Pekoe				Do. Eng. or WS do.			
S. African				Broken Orange Pekoe				Do. Eng. or WS do.			
Brazilian				Ceylon—per lb.				Do. Eng. or WS do.			
Lemons, Malaga				Peekoe				Do. Eng. or WS do.			
Sicilian				Broken Pekoe				Do. Eng. or WS do.			
Apples: Amer. (var.) bris.				Orange Pekoe				Do. Eng. or WS do.			
(var.) boxes				Broken Orange Pekoe				Do. Eng. or WS do.			
" Australian				Ceylon—per lb.				Do. Eng. or WS do.			
Onions				Peekoe				Do. Eng. or WS do.			
Valencia, case				Broken Pekoe				Do. Eng. or WS do.			
Egyptian, bags				Orange Pekoe				Do. Eng. or WS do.			
Grapes, Algeria, barrels				Broken Orange Pekoe				Do. Eng. or WS do.			
Grapes, Brazil, cases				Ceylon—per lb.				Do. Eng. or WS do.			
S. African				Peekoe				Do. Eng. or WS do.			
Jaffa				Broken Pekoe				Do. Eng. or WS do.			
LARD—				Orange Pekoe				Do. Eng. or WS do.			
Irish, finest bladders				Broken Orange Pekoe				Do. Eng. or WS do.			
U.S.				Ceylon—per lb.				Do. Eng. or WS do.			

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

UNITED STATES

New York quotations unless otherwise stated

	Nov. 18, 1936	Oct. 20, 1937	Nov. 10, 1937	Nov. 17, 1937		Nov. 18, 1936	Oct. 20, 1937	Nov. 10, 1937	Nov. 17, 1937
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	117½	99½	89½	94½	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	3.65	3.15	3.25	3.32
Maize, nearest future, Chicago, per bushel	105½	59½	56	55½	Cotton, middling, spot, per lb.	12.20	8.51	8.01	7.86
Oats, nearest future, Chicago, per bushel	45	30½	30½	30½	Rubber, smoked sheet, spot, per lb.	18½	15½	14½	14½
Rye, nearest future, Chicago, per bushel	93½	72½	71½	73½	Petroleum, Mid-continent crude 33 deg., to 33-90, at well, per barrel	104	116	116	116
Barley, nearest future, Chicago, per bushel	88½	(a)	(a)	(a)	Copper, "Electrolytic," Domestic, spot, per lb.	10.42½	10.77½	9.95	10.02½
Coffee, Rio No. 7, cash, per lb.	8½	8½	7½	8½	Copper, "Electrolytic," Export, prompt, per lb.	10.65	11.00	10.17½	10.25
" Santos No. 4, cash per lb.	10½	11½	9½	8½	Spelter, East St. Louis, spot, per lb.	5.05	6.00	5.75	5.75
Cocoa, Accra, nearest future, per lb.	9.24	5.78	5.93	5.56	Lead, spot, per lb.	5.20	5.50	5.00	5.00
					Tin, " Straits," spot, per lb.	51.25	48.37½	44.62½	42.75

(a) Nominal

THE ECONOMIST

Vol. CXXIX

NOVEMBER 27, 1937

No. 4918

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The Dominions most affected were Canada and Australia. But in both cases delay has been beneficial. In Australia, MR LYONS's Government had to face a general election in which any hint of weakness in safeguarding Australian trade would have been eagerly seized upon by the Opposition. Canada had concluded new trade treaties both with Great Britain and the United States which she regarded as parts of a balanced whole, not to be upset on one side without disturbing the other. The Australian election has now confirmed MR LYONS in office; and the mere lapse of time has brought Canada within hailing distance of November, 1938, when her trade pact with the United States expires. Indeed, the announcements in London and Washington were immediately followed by a statement by MR MACKENZIE KING that a new trade treaty with the United States, on as comprehensive a basis as possible, was already the subject of preliminary conversations. This major obstacle has thus been largely surmounted, though it must not be assumed that there will be no hard bargaining by both Dominions. MR LYONS has already mentioned "adequate compensation." The Conservative Opposition in Canada and the Labour Opposition in Australia are both mobilising their forces, and the British Columbian lumber producers are assuredly only the first of many sectional groups which will enter objections.

In principle, however, the matter is decided. Imperial Preference, of course, stands; but it is no longer to impede tariff reductions to foreign countries. The lists of articles on which mutual concessions may be made are presumably already in existence, though the figures may not have been filled in. On the American side, the concessions will presumably relate in the main to special manufactures. On the British side, it is believed that the major concessions will be given to American agricultural produce and lumber rather than to manufactures. This will meet American as well as British desires; for the largest previous American agreement, that with Canada, required some concessions from the farmers and a counterpart in the British Agreement would restore the balance and make MR HULL's policy more palatable in the farming States. But concessions on some American manufactures are not, of course, to be ruled out. Whatever the concessions prove to be, the most-favoured-nation clause in the existing treaties of the two countries will extend them to other countries, unless (as is not impossible in the case of some of the British concessions) it is found necessary to make the reduced tariffs applicable only to certain fixed quantities of imports.

The commercial importance of the forthcoming agreement is too obvious to require proof. The merchandise trade between Great Britain and the United States is

exceeded only by that between Canada and the United States, much of which is of a purely domestic character. When invisible trade is added, the commercial exchanges which pass between Britain and America are easily the most important in the world, and the two countries can be said to dominate the world's trade to an extraordinary extent. More important than these quantitative factors, imposing though they are, is the fact that the agreement will embody a change in the commercial policy which Great Britain has pursued for six years past. For the first time Great Britain will be signing a trade agreement whose net effect is to lower barriers on both sides. Hitherto, British policy has always been subject to the criticism that, when all its results have been worked out, trade has been diverted rather than encouraged, restricted as much as freed. The fact that the world's greatest trading nations are about to sign an agreement to which this criticism manifestly does not apply, cannot fail to be a signal encouragement to all other nations who are striving to free their trade from restriction and paralysis.

These considerations in themselves are of great importance. But the coming agreement has also a definite political bearing. It has been christened, on both sides of the Atlantic, the democracies' reply to the dictators. That may be placing upon it an interpretation more portentous than it can support. But this at least is true, that the Trade Agreements Act has been consistently regarded both by PRESIDENT ROOSEVELT and by SECRETARY HULL as the main contribution which America can make to appeasement in the world. So long as Britain appeared to be holding out against that policy it was possible to represent the two most powerful democracies as divided not merely on methods but on objectives. That is no longer possible, and the fact that Britain will be following America's lead in trade matters cannot fail to assist each country in appreciating the sincerity of the other's policy for peace.

It is a commonplace that peace and justice and freedom ultimately depend upon collaboration between the English-speaking peoples. Commonplace or not, the statement has always sounded, when addressed by British lips to American ears, suspiciously like a declaration that "England Expects Every American To Do His Duty." Few things could do more to remove misapprehension, and to convince American opinion that the benefits of collaboration will be mutual, than British willingness to modify the Ottawa Agreements, which have always been intensely unpopular in America, in the interests of Anglo-American trade. That is the real, and the great, significance of last week's welcome announcement.

Settling with Germany

THE PRIME MINISTER's replies to questions addressed to him in the House of Commons on Wednesday about LORD HALIFAX's visit to Germany have vouchsafed to us only two certain pieces of knowledge, and of these the first is purely negative. We know that we ourselves cannot rely on any of the rumoured reports of LORD HALIFAX's conversation with HERR HITLER; and we also know that, while the French Ministers are still perhaps as much in the dark as the British public, MM. CHAUTEMPS and DELBOS are going to be told something when they come to London early next week.

The positiveness of this second piece of knowledge is some consolation for the negativeness of the first; for MR CHAMBERLAIN's prompt invitation to his French

colleagues gives us a certain measure of assurance on the fundamental issue that is involved in the HITLER-HALIFAX conversation. That issue is in a sense an abstract one, yet it transcends in importance the whole pack of concrete questions which LORD HALIFAX and HERR HITLER may—or may not—have discussed. It is nothing less than the issue between solidarity and isolation as the two competing principles for the conduct of international relations. Germany, like the other two Great Powers who are nowadays on the warpath, has been working with all her might to undermine the whole system of international relations that is based on a belief in "the indivisibility of peace." The present Government of the United Kingdom are still officially committed

to the opposite political creed, which is embodied in the Covenant of the League. It was on the strength of a vociferous confession of this faith that they fought and won their general election in the autumn of 1935. But many of their supporters are lukewarm in their loyalty to a principle to which most of them owe their seats.

Is Britain wise to adopt the rôle of an elderly man with great possessions, who has thrown himself unreservedly into a formidable crusade to establish a sort of "king's peace" in the international arena? Instead of falling foul of the gangsters by backing a weak and struggling police force, might he not obtain a more effective protection for his property by enlisting and equipping a private bodyguard and then hinting to the gangsters, by discreet yet eloquent nods and winks, that the cheapest way for them to make their pile would be to leave in peace the goods of the rich man armed and to fleece all the poor men who were destitute of the means of self-defence? This is the philosophy which seems to appeal to some elements within the Conservative Party and perhaps within the Cabinet also. It has not become the official policy of the British Government; but the possibility of its being adopted cannot be ruled out.

It may be taken as certain that this fundamental issue was at any rate implicit in the colloquy between HERR HITLER and LORD HALIFAX. Would His Majesty's Government capitulate to a judicious German attack upon their *côté faible*? Or would they stick to their guns? We do not imagine that the issue has yet been irrevocably decided. Indeed, we interpret the prompt invitation to the French Ministers as meaning that the existing policy of the British Government still stands. In the world as it is, Anglo-French solidarity is the nucleus of all solidarity. So long as the Anglo-French link holds, the collective system of international law and order still retains a citadel from which it may in time be able to march out again to the reconquest of the ground that it has lately lost. The Anglo-French defensive alliance provides a rallying point for PRESIDENT ROOSEVELT's "ninety per cent. of the population of the world" who want an orderly world instead of a world terrorised by the ten per cent. of its population whose philosophy is the right of the stronger. This is the present enormous significance of the Anglo-French entente; and in the light of this the forthcoming visit of French Ministers to London is the best possible omen. We greet it with relief.

Perhaps, when the Government have taken their French colleagues into their confidence, they will lift at least a corner of the veil that now shrouds the HITLER-HALIFAX conversation from the eyes of Parliament and public in this country. In the meantime we have nothing to go upon except momentarily unverifiable reports. This crop of rumours is an inevitable consequence of the Government's silence, and their accuracy is not necessarily impugned by the show of indignation with which it has been attacked by official spokesmen both at Westminster and in Berlin.

Rumour says that at any rate the elements of an Anglo-German bargain were tabled by HERR HITLER in a game of poker with his British visitor. The plan of a six years' respite from colonial claims may be read into the public speech which the FÜHRER made as soon as the conversation had taken place; and it is conceivable that it is the terms of the speech that have given rise to the story. The conditions which HERR HITLER is reported to have laid down are even more difficult to verify; and we can only say that they bear many marks of verisimilitude, and that, if genuine, they are adroit.

Whatever may be the accuracy or inaccuracy of individual reports, there is no secret about Germany's professed aims. The first of them is the return of her

A limited number of copies are available
of
The Economist, of 9th October, 1937,
containing
a detailed analysis of
ANGLO-AMERICAN TRADE
and describing the economic background
for a commercial treaty

colonies. The second is the strengthening of the ties between the Reich and the German-speaking peoples to the south and south-east of it, especially in Austria and Czechoslovakia. In these aims, as they are stated, there is nothing that is inherently unreasonable. On the contrary, the desire of Germany, as a Great Power, to have colonies is legitimate; and it is inevitable that the smaller German-speaking countries of Central Europe should move in the orbit of the Reich.

Why, then, should any resistance be offered to Germany's attainment of her ends? The question has only to be asked to be answered. Because the majority of countries are frightened that the undisclosed aims of German policy are far larger than her publicly stated claims. If Germany were ever to impose her military yoke on Poland and the Danubian States and to push Russia back north-eastwards until she disappeared beneath the Siberian horizon, then Italy would become Germany's slave, and the four west European colonial powers—Holland, Belgium, France and England—would lie at Germany's mercy. The hesitations of the West are not due to unwillingness to concede Germany's just claims; they are due to fears lest, in so doing, we may merely strengthen Germany for aggression, first upon others, later upon ourselves. And if we are asked for the grounds of such suspicions, we can point not only to the whole ideological basis of the philosophy in which the German people is being drilled, but to the writings of the FÜHRER himself.

In these circumstances, the main lines of British and French policy towards Germany are reasonably clear. There must be no slamming of doors upon claims which seem to the German people, and to many others, to be inherently reasonable. On the contrary, the attitude of London and Paris should be one of willingness, in principle, to concede what Germany asks (not forgetting the colonies)—but only on one condition, which must be the very essence of the bargain. That condition must be designed to guarantee that Germany's policy shall not in fact overstep the moderate and reasonable limits which are now publicly admitted. In conceding the reasonable inch, we must have assurances that she will not take the inadmissible ell. There is only one form which such a guarantee can take: the willing adhesion of Germany to a complete system of collective security, buttressed by disarmament.

Germany has secured a hearing for her claims by representing them as vital necessities for the national existence of a strong people. Britain and France must make it clear in return that a system of collective security, adequate to prevent aggression, is an even more vital necessity for the national existence of peoples determined to be equally strong. It holds, indeed, the key to peace. For without it every accession of strength to Germany must be feared and resisted by London and Paris, however equitable its justification. But German agreement to the rule of law in international relationships would at one stroke remove the obstacles to Germany's attainment of her legitimate desires. This, we hope, is the truth that will emerge from the meeting of French and British Ministers next week.

Too Much Cotton

THE prices of many primary products have rapidly and persistently declined since last March, and are now lower than they were a year ago. No leading commodity, however, has suffered so severe a fall in price as raw cotton. After rising above 8d. per lb. last March, the price of American Middling has since declined to 4½d. per lb., which is not much above the lowest level reached during the depression. What are the causes and the implications of this collapse? To find an answer, we may first examine the trend of the world's cotton consumption during the past eight years. Naturally, the intake of the raw material by the world's cotton mills declined during the late depression, but the reduction in demand was surprisingly small. Mill consumption fell from 11,731 million lbs. during the season ended July, 1930, to 10,433 millions during the subsequent season. During 1931-32, consumption rose again slightly to 10,449 million lbs., and the improvement has continued ever since. In 1936-37, for example, the world's mill consumption of 13,944 million lbs. showed an increase of no less than 19 per cent. over the figure for 1929-30. In view of the simultaneous expansion of the rayon industry, this increase in the demand for raw cotton is unexpected and significant. Changes in the consumption of the leading manufacturing countries since 1929-30 are shown below:—

WORLD'S MILL CONSUMPTION OF COTTON
(In millions of lbs.)

	1929-30	1930-31†	1933-34	1934-35	1935-36	1936-37
U.S.A.	2,925	2,520	2,728	2,556	3,032	3,799
Japan	1,307	1,115	1,468	1,662	1,629	1,771
U.K.	1,226	968	1,244	1,242	1,349	1,406
China	1,112	1,121	1,196	1,243	1,188	1,328
India	982	1,032	1,033	1,211	1,241	1,219
U.S.S.R.	965	833	848	895	931	988
France	569	543	555	486	579	592
Germany	629	520	747	451	546	543
Italy	470	372	475	384	300	*
Brazil	157	149	202	223	249	247
Czechoslovakia ..	216	188	145	139	188	221
Canada	98	99	112	117	121	148
World	11,731	10,433	11,621	11,886	12,888	13,944†

* Not available. † Partly estimated. ‡ Season of lowest world consumption.

Consumption has risen in most countries, the improvement having been particularly marked in Japan and

the United States. Germany and Italy, incidentally, consumed less raw cotton in 1936-37 than in 1929-30, and France's intake last season was only slightly larger than eight years ago. The marked increase in consumption in Japan, China, India, Brazil, Canada, and many smaller countries which have extended their cotton textile industries in recent years, goes far to explain the fall in Britain's textile exports. In 1936-37, indeed, mill consumption in China and India was not much smaller than in Great Britain.

The figures, as a whole, show beyond all doubt that the collapse of cotton prices cannot be due to a failure of demand; for consumption, after only a moderate setback in the great depression, increased and apparently is still increasing. Our search for causes, therefore, must needs pass over to the supply side of the equation. The world's supply of raw cotton, like that of many other crops, is insusceptible of rapid adjustment, owing to human inability to control meteorological conditions and, consequently, yields per acre. Any change in the area planted may be offset by a contrary change in yield. This condition is clearly illustrated by the first of the three accompanying charts, which shows the trend of the world's area and production of cotton since 1929-30. The decline in prices after 1929-30 was followed by a steady reduction in the area under cotton between 1930-31 and 1933-34. The world's harvest in 1931-32, nevertheless, exceeded that of 1929-30 by a substantial margin. Although consumption had by that time taken an upward turn, the 1931-32 crop was too big to prevent a further fall of prices. As the second of our three charts shows, the aggregate of "visible supplies" and stocks at mills continued to increase until the end of the 1932-33 season. At that critical juncture, the American Government intervened. Having a laudable desire to raise domestic cotton prices, they decided to limit the crop and to compensate American cotton growers by means of subsidies. Actually, the area harvested in the United States declined from 38.7 million acres in 1931-32 to 26.9 million acres in 1934-35. A substantial part of this decline, however, was offset by an increase in the area under cotton in other countries, stimulated by a rise in prices. Thus, although America's area under cotton was reduced by 11.8 millions between 1931-32

and 1934-35, the area under cotton in the world as a whole, according to the Imperial Economic Committee,* fell by only 4.6 million acres. Thereafter, the area under cotton throughout the world began once more to increase and, in 1936-37, it was actually greater than in 1929-30. Figures for the current crop year, 1937-38, are not yet available, but provisional estimates suggest that a further increase of the area under cotton is more than probable.

This brief historical survey affords strong presumptive evidence that the seeds of the cotton growers' present troubles were sown several years ago, when the American Government took steps to increase domestic and, indirectly, world cotton prices. If the average yield per acre had remained substantially unchanged between 1929-30 and 1934-35, increased supplies due to an extended acreage might have been absorbed by the rapid expansion of demand. Our chart of acreage and production shows, however, that the yield per acre has markedly increased since 1935-36. Consequently, the world's production was far greater, last season, than in 1929-30, although the acreage was only slightly higher. In the present season, 1937-38, it is clear that the yield per acre has shown a further and phenomenal increase, and supplies have been raised to a total with which demand cannot possibly cope, however much the price of cotton may be reduced. The remarkable increase in production this season has been due, in the main, to a record yield in the United States, but the harvests of Brazil, China, Russia, and Egypt have also increased substantially.

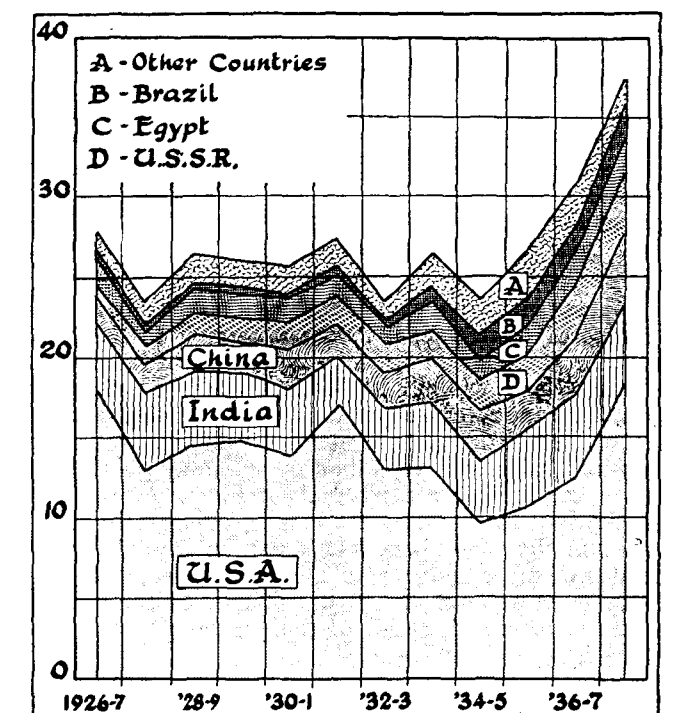
We may conclude, therefore, that the current surfeit of cotton is due partly to the American Government's price-raising measures, which stimulated the extension of cultivation in other countries, and partly to a succession of high yields per acre in all countries. The effect of the price-raising measures adopted by the United States on production in other countries is shown by our third chart. There has been a considerable increase in production in India, Russia, China, Egypt and Brazil. In the last-named country, the output increased from 438,000 bales in 1932-33, to 2,000,000 bales in 1937-38. Thus, the American cotton control scheme has ended in failure, like the Stevenson rubber restriction scheme, which sustained prices for a time, but did not prevent their ultimate collapse because it was not world-wide in its application. Thus the last state of the world's cotton growers is worse than the first. Moreover, just as the earlier rubber scheme merely led to a geographical redistribution of output to the disadvantage of Malaya and Ceylon, the American cotton control scheme reduced the United States' share of world pro-

* "Industrial Fibres." H.M. Stationery Office. 2s. 9d. net.

duction from about 55 per cent. in 1934-35 to an average of some 40 per cent. in 1936-37.

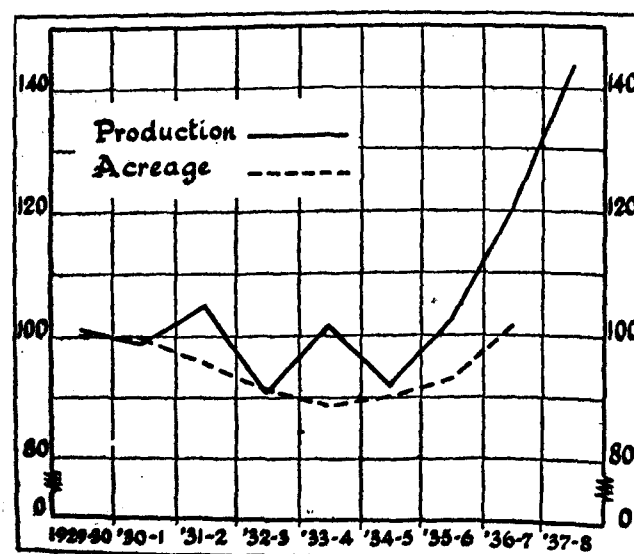
One of the reasons which induced President Roosevelt to call a special session of Congress this month is said to have been his desire for the passage of legislation dealing with the surfeit of cotton. As world consumption this year, however, is unlikely to exceed 31 million bales, while supplies are likely to reach 51 million bales, the task of Congress seems wholly unenviable. Even if the acreage under cotton in the United States is severely reduced next year, a small American crop would

WORLD PRODUCTION OF COTTON
(In millions of bales of 500 lbs.)

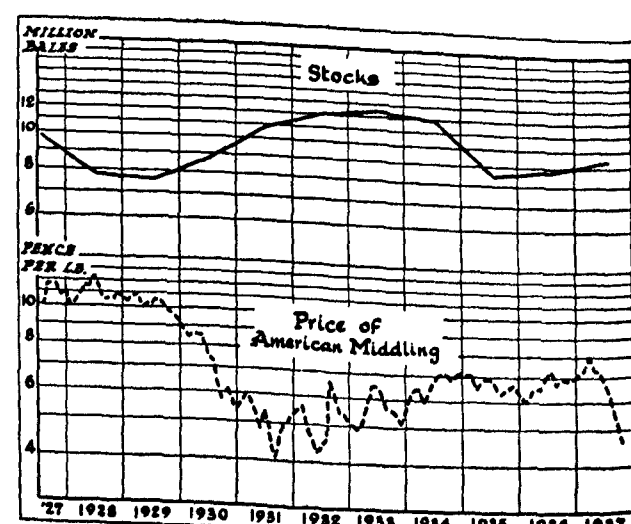


scarcely make much impression upon the existing surplus; for the area under cotton in the United States now forms only about one-third of the cotton acreage in the world as a whole. Indeed, unless the world can be persuaded to burn a large part of its cotton as Brazil has burned her coffee, or the populations of China and India can be induced to buy an extra garment this season—and both possibilities seem equally unlikely—no improvement in cotton prices can be looked for until next year, when reports of the progress of the 1938-39 crops will play a decisive rôle.

WORLD PRODUCTION AND ACREAGE OF COTTON
(1929-30-1930-31 = 100)



STOCKS AND PRICES OF COTTON



Changes in the Coal Industry

THE House of Commons has given a second reading this week to a measure designed to give practical effect to two aims—the nationalisation of coal-mining royalties and the reduction, by amalgamation, of the number of independent coal-mining concerns—which have been recommended by one commission after another in the recent history of the industry. Tardy action is certainly better than no action, but delayed first-aid may become extreme unction. No one, happily, need suggest that Parliament is busy bandaging a corpse; for coal-mining remains one of Britain's largest industries and its operations are appreciably more profitable to-day than in 1929, before the Great Depression. Events, however, have not been stationary since the Sankey Commission in 1919 recommended, *inter alia*, the nationalisation of royalties. Four years later, at the end of 1923, the number of wage-earners on the colliery books in Great Britain was 1,184,500.

When the Samuel Commission published its report, before the prolonged coal stoppage of 1926, the total was 1,100,000. In October, 1930, after the passing of the Coal Mines Act, which first introduced the principle of a statutory production quota, the total had fallen to 886,800. A month ago it stood at 784,900. These figures in themselves afford strong evidence of momentous changes in the industry and its fortunes, which deserve close examination.

The falling demand for coal-mining labour throughout the post-war period, is partly, but only partly, to be explained by the fact that the total output of the industry, which was 287 million tons in 1913, was only 228 million tons in 1936. Actually, this decline of 21 per cent. in production has been accompanied by a fall of 32 per cent. in the employed labour force. The difference between the two figures measures the extent of the changes which have been effected in the

technique of the industry itself in the interim. It is no great exaggeration to say that in 1913, apart from improvements such as the use of steel implements, winding machinery, and forced ventilation, mining practice differed little in essentials from that in force a century earlier. In 1913, barely 6 per cent. of the coal was mechanically cut; in 1936, some 55 per cent. was machine-cut, and the greater part of the advance had taken place during the last nine years. The pneumatic pick, the chain undercutter, and shot-firing, have considerably increased the rate of exploitation. Although they came originally from the United States, mining practice has developed somewhat differently in Great Britain and in America. There, machine mining has been associated with thick seams, but in Britain the tendency has been to instal machinery to exploit narrow marginal seams of 18 to 36 inches. Not only has the actual cutting and freeing of coal been facilitated; in addition, the provision of belt conveyors and electrical tramways has speeded up transport from the coal face to the shaft bottom. The pit ponies, which were once a familiar feature in every colliery, are now rapidly dwindling in numbers. By means of this radical mechanisation the output of coal per worker underground has risen from 22.6 cwt. per shift in 1921 to 30.1 cwt. in 1936.

Contemporaneous with mechanisation has been the practice of treating coal before passing it to the consumer. A constantly increasing proportion of the output is being dealt with in by-product works or cleaning plants. As much as 42 per cent. of the coal produced was washed or dry cleaned in 1936. Although washeries are much more numerous than dry-cleaning plants, the latter give the more marketable product. Among the different producing areas Durham, a comparative late-comer in the movement, has a particularly high percentage of dry-cleaning plants. As a rule, each colliery group owns at least one plant, situated at some focal point where coal from all of the group's pits may be conveniently treated.

Even more important, however, has been the growth of the practice of treating coal in by-product works, with the object of obtaining increased fuel value from a given quantity of coal. The rise of by-product works has been linked with schemes to produce oil and petroleum from coal, of which the hydrogenation plant of the Imperial Chemical Industries at Billingham and the Low-temperature Carbonisation works at Bolsover are typical examples. Between 1934 and 1936 the output of home-produced motor spirit rose by some 70 per cent., though in 1936 as much as 93.4 per cent. of Britain's domestic requirements were still imported. From the coal industry's point of view, however, the importance of by-product manufacture is beyond question, and there is ample scope for further expansion. Less than one-third of Britain's coal, even to-day, is treated in by-product works, whereas in Germany the proportion is two-thirds. The list of by-products includes not merely petroleum and the residual, but valuable, coalite, but also coal-tar, ammonia, tar dyes and synthetic resin.

So far as the consumption of coal is concerned, the decline in demand for export and bunkering is responsible for more than 80 per cent. of the falling-off in the activity of the industry between 1913 and 1936. The reduction has been due primarily to external factors, such as the post-war rise in the production of electric power in Scandinavia, France and Italy, the opening up of new coalfields, as in Limburg, and the rise of new exporting countries like Poland and the Union of South Africa. Naturally the exporting areas have borne the brunt of the decline in output. The table given in the next column shows that the aggregate production of South Wales and Durham fell from 98.3 million tons in 1913 to 64.2 million tons in 1936. The decline in these two areas was thus 35 per cent., while in the rest of Britain output was reduced by only 13 per cent.

Although the falling off in production has been most marked in the exporting areas, internal coal consumption has by no means kept pace with the increased activity of British industry as a whole, and the rise in the

COAL PRODUCTION BY DISTRICTS.

(In thousand tons.)

Export Districts:			
Northumberland	...	1913	1936
Durham	...	14,819	14,427
South Wales and Monmouth	...	41,533	31,373
Scotland	...	56,830	33,886
	...	42,457	31,987
Inland Districts:			
Yorkshire	...	43,680	42,476
Lancashire, Cheshire & N. Wales	...	28,134	17,498
Derby, Notts and Leicester	...	33,703	31,029
Stafford, Salop, Worcester and Warwick	...	20,864	20,275

total production of power. This anomaly, which has powerfully affected the fortunes of coal-mining, reflects the increased efficiency of almost all coal-using industries. In shipping, for instance, coal consumption has been reduced to a figure much below the pre-war level. It is on record, for example, that a fully laden cargo vessel of 8,000 tons has maintained an average speed of 10 knots on 13 tons of coal per day—a figure which in 1913 would have seemed almost impossible of achievement. In thermal electric stations, as recently as 1927, a ton of coal was the equivalent of 699 units of electricity. In 1936, the same quantity of coal produced on the average some 1,364 units of electricity. Between 1932 and 1936, the steel industry reduced its coal requirements per ton of steel by one-fourth, and there is room for still further improvement.

The list of examples might be indefinitely extended, but those already given are sufficient to convey an idea of the far-reaching effect of improved coal-utilisation on demand in the short run. It is clear that, during the last few years, a number of decisive but largely independent movements have been taking place in the coal-mining and coal-using industries—apart altogether from the decline in export and bunkering demand, which is itself due to many factors besides depression in foreign trade as a whole. At home, the effect of increased mechanisation in reducing the amount of human labour necessary to produce a given quantity of coal might have been more than offset had demand for coal been relatively elastic. In fact, demand has been highly inelastic, and an important factor in its inelasticity has been the increased efficiency of the coal-using industries.

In the long run, every development which tends to increase the efficiency of any industry, or of industry in general, can hardly fail to be beneficial to society as a whole. And every change which reduces the amount of coal required to produce a fixed amount of energy extends, *pro tanto*, the life of Britain's coal deposits, which is certainly not unlimited. During the last quarter of a century, however, the pace at which new economies in coal production and consumption have been effected has been markedly expedited, precisely at a time when foreign trade has been restricted and competition from overseas producers and from alternative sources of power has been rapidly increasing. These varied and powerful, but largely uncontrollable, forces have set up formidable stresses and strains within the structure of an industry which, in Great Britain, has always been highly localised. To this condition is due, in no small part, the existence of the Special Areas, whose economic difficulties, appropriately enough, were the subject of special Reports laid before Parliament on the self-same day this week as the Coal Bill obtained its second reading. The coal industry can neither put back the clock nor arrest the march of new discovery. But the facts cited in this article serve at least to emphasise the imperative necessity for removing all hindrances to the economical development of the industry itself. The case for the measure now before Parliament is that it is designed as a means to the indispensable objective of improved technical and financial organisation.

Britain's Open Spaces

GENERATION by generation, as official records show, we are becoming increasingly a nation of town-dwellers. To-day more than four-fifths of the population of England and Wales is clustered in areas of urban administration. Half the urban population lives in some 51 towns with more than 100,000 inhabitants each. Only 8 out of 40 millions live in the country.

A determined effort is being made to redress some effects of this urbanisation. Our urban population is looking increasingly to the countryside for rest and recreation. "Back to the land" has a dual meaning in these days of State encouragement and aid to agricultural production; for though we still import three-fifths of our food from abroad, facilities for light, fresh air and exercise must, for the great majority of our population, be produced wholly at home.

The national importance of the open spaces which are accessible to the 32 million urban dwellers in England and Wales has only recently obtained widespread recognition. Belatedly, it is being sought to preserve these open spaces by public policy: to endow town children with adequate playing-fields, and to ring round cities with belts of green fields and parkland. Yet these steps, welcome as they are, seem to touch only the fringe of a great problem. To-day, all over the country, the townsman is asking that parks and playing fields shall be supplemented by the freedom of the countryside; that he may walk at will on commons, heaths and moors, as the Londoner once walked at Moorfields, Finsbury and Mile End.

The great majority of the commons left to-day are on poor soils and many are in the area of the Home Counties. The battle for their salvation for public uses has already been largely won. After three hundred years of enclosure, a stand was made two generations ago, to save for open spaces such land adjacent to London as had not been subject to agricultural improvement. The Ministry of Transport can still threaten the amenities of the Esher commons. But such threats, happily, are rare to-day. Even now the 1½ to 2 million acres of commons are not land to which the public have rights comparable to those of olden days. Nevertheless, for walking and breathing fresh air, especially in the country around London, the commons are theirs.

London, indeed, has been far more fortunate in its commons than the industrial North in its moors. The Northern battle for access to open spaces has been fought, but not yet won. From the moors behind Leek in Staffordshire, up into the Peak District, on to Blackstone Edge, through the Craven country and the Stainmore country, to the Roman Wall, stretch the Pennines and their adjacent moors, some 140 miles long and 30 to 40 miles wide. Valleys, dales and moors run from Skipton to Holmfirth and Clitheroe, skirt Blackburn, Chorley and Bolton, and come down to Rochdale and Oldham. There is a rich expanse of moors from Cartmel to Newby Bridge. Here, since Bryce introduced the first unsuccessful Access to Mountains and Moors Bill some 50 years ago, the hardy walkers of industrial Lancashire and Yorkshire, tramping 20 to 25 miles every week-end in parties of two and three, have sought full access to their natural haunts of health and exercise.

Their enemies have been the law and the grouse. Actually, in many places and at many times they are permitted to go more or less where they please. In law, however, they are liable to be stopped at any time and, in fact, they are usually debarred from the grouse

moors at all seasons of popular holiday, at Easter and at Whitsun and in August. At all times they walk on sufferance, and their only rights of access to many favoured spots are those which they can prove by prescription or by agreement.

The story of walking in the North is, in consequence, one of disputes and resentment. The walkers of Sheffield and Manchester have struggled for two generations to open footpaths—from Hayfield to the Snake, across Kinder Scout and near Saddleworth, and in a thousand other places. They have established few new rights, and it may be pertinent to ask whether some amendment of the law would not accord with the spirit of the present age. Health and fitness are now in the forefront of national policy. Walking and cycling have grown tenfold in the last decade; and national parks to preserve the fauna, flora and human amenities of the countryside are advocated by high scientific authorities.

One-third of Wales, more than two-thirds of Scotland, and nearly one-eighth of England are classed as heathland, moorland, commons and rough grazing, and described by Mr L. Dudley Stamp as being "of very slight economic value to the country." The proportions have changed little in the last sixty years, and it is precisely in this type of country that unchallenged rights of access are sought. To grant them would involve no uneconomic restriction of the area capable of productive agricultural utilisation. Perhaps the most comprehensive and ambitious of all plans for reconditioning the land of Britain is indicated by the formulae of Professor Stapledon, under which heathland and moorland would be used for permanent grass and timber, for disk ploughing, seeding, rolling and afforestation. Even under this scheme, however, nearly one-tenth of the total area would remain for public use or private shootings, because it was unsuitable for more intensive cultivation. The walker, after all, is a modest "consumer"; his paths, like Euclid's line, have length but no breadth. He does not ask to traverse cultivated land, or to be excused for damage to property. His *terrain* is the moorland and the waste, the mountain and fell, the woodland and the river bank. A grouse moor, he cheerfully admits, is a valuable property, a private asset to its private owner and, frequently, a local amenity. But he denies the necessity of closing many hundreds of square miles to him for practically all those months of the year when walking is pleasant and possible. Above all, he asks for assured rights of access, simply defined in law, in place of uncertainty and uneasy tolerance.

There is a peculiar urgency about the problem in a country like Great Britain, whose area is disproportionately small and whose population is disproportionately large. The germs of a solution were contained in a Bill, inspired by the echoes of crashing Gladstonian oaks in Hawarden Park, which was introduced by Mr Geoffrey Mander in the last session of the House of Commons—and left unheard. The Bill was designed simply to secure the right of free access to uncultivated land, subject to provisions to prevent abuses. It made the absence of specific damage a sufficient defence against any charge of alleged trespass. If its successor were to obtain a Parliamentary hearing, as a Private Member's Bill, the Government might not be ill-advised to grant it at least the facilities accorded last session to Mr Herbert's Marriage Bill. Its passage would make a marked contribution to the decencies of our urban civilisation, without undermining existing rights in private property or impeding the development of British agriculture.

Notes of the Week

The Coal Bill.—The two days' debate in the House of Commons on the second reading of the Coal Bill was not particularly illuminating. A very large part of the time of the House was taken up with the speeches of Labour members refusing to accept anything short of immediate and complete nationalisation of the whole industry and of no more realistic Conservatives like Mr Beaumont who said that "as a life-long opponent of nationalisation" he felt bound to vote against the Bill. One comparatively novel point was Mr. Clement Davies' complaint, from the Simonite bench, that the royalty owners were being given a gilt-edged security while everybody else in the industry has to risk his money or his life. This is a point which has some equitable appeal, though the uncertainty of the royalty owners' present income undoubtedly played some part in the assessment of their compensation at the comparatively low figure of fifteen years' purchase. And, in any case, the attempt to buy the royalties for anything but cash would further delay a reform which is already belated. Several Labour members argued that the surplus income of the Commission should be devoted to a pension scheme for aged miners. There is a strong case for such a scheme, but there are better ways of financing it than by perpetuating the present inequalities in the burden of royalties. The three Ministers who spoke—the President of the Board of Trade, the Chancellor of the Exchequer and the Minister of Mines—thus had very little direct criticism of the Bill to answer and added very little to what is already known of the procedure outlined in the Bill. The easy passage of the second reading will not exempt the Bill from further criticism at later stages. Amendments may be expected both in the Committee of the Commons and, particularly, in the Lords.

Civil Aviation Inquiry.—The composition of the Departmental Committee appointed by the Secretary of State for Air to inquire into the charges made against British civil aviation, and particularly against Imperial Airways, in last week's Commons' debate, has been announced. The members are Lord Cadman, chairman of the Anglo-Iranian Oil and Iraq Petroleum Companies; Sir Warren Fisher, Permanent Secretary to the Treasury; and Sir William Barrowclough Brown, Permanent Secretary to the Board of Trade. The Air Minister is to conduct an independent inquiry into Imperial Airways' relations with its staff, but this subject is not excluded from the Committee's terms of reference, which are to include all the charges made in the debate. Immediate objection was, however, taken in the Commons to the composition of the Committee, consisting as it does of a Government director, a Government official and a onetime Secretary to the Air Ministry. There was also some objection to the examination by civil servants of charges made by Members of Parliament. In the end, the Prime Minister undertook to discuss the matter further with the Air Minister in order to ensure that the inquiry is generally accepted as completely impartial. The public inquiry originally asked for would have ranged too widely over civil aviation topics already adequately canvassed in general by the Maybury and other Committees. This inquiry will be confined to specific charges. But it is important that its proceedings and findings should be made known in full as soon as possible, and that no breath of suspicion of concealment should be allowed.

Prices, Milk and Nutrition.—When Sir Archibald Sinclair, leader of the Liberal opposition, spoke at Manchester on November 19th, he made a petition against the recent increase in the cost of living his text for a strong attack on the Government's policy of agricultural protection and restriction, and especially on the

absurdities of its milk scheme. On the same day, a report of the Food Council drew attention to the excessive costs of milk distribution and the redundancy of distributors. Retail prices being controlled, there is undue competition in the provision of unnecessarily elaborate services. All these factors swell the cost of distribution, and milk is too dear for the purses of those who need it most. The Food Council's alternative suggestions for the removal of this obstacle to the development of a proper nutrition policy were either the decontrol of retail prices to cause a downward revision of prices through competition, or rationalisation of the milk trade. On November 25th, the matter was again raised in the House of Commons, when Labour speakers laid stress upon the prevalence of under-feeding and undernourishment and followed the example of a recent paper to the Royal Statistical Society by questioning the validity of clinical assessments of nutrition.

Mr Bernays, for the Government, was satisfied that everybody could obtain "at any rate the minimum necessary for existence." His critics were not placated by these comfortable words, and maintained that rising prices, coupled with the inequities of milk distribution, were a serious menace to public nourishment. During 1937 the cost of living has been rising faster than the average level of wage rates. While the Ministry of Labour wage index has been some 3 or 4 per cent. above last year's level for the greater part of the year, the cost of living index (on November 1st about 60 per cent. above the level of July, 1914, compared with 51 per cent. a year ago) has been running at about 6 per cent., and the cost of food alone at about 8 per cent., above last year's level. Earnings have risen more than wage rates, but the current trend is serious for the lower paid workers whose margin of subsistence is slender at the best of times—and for the unemployed who have been only slightly protected by the grant of additional 2s. or 3s. weekly "winter allowances." It is on the poor, and particularly on mothers and children, that the vicious effects of the milk scheme really fall.

Typhoid in Croydon.—The alarming outbreak of typhoid at Croydon has not yet been arrested, although the source of the trouble in an affected well has been located. On Thursday as many as 180 cases had been reported, seven persons in the borough had already died, and the abatement of the epidemic officially forecast last week was not discernible. A somewhat similar outbreak occurred in the Bournemouth district last year, and doubt has been expressed whether, in such cases, co-operation between the public health authorities, hospitals and private practitioners is adequately speedy and comprehensive. The magnitude and competence of our health services being undoubted, it is the more disturbing that such grave epidemics should occur. A public inquiry has been ordered by the Minister of Health, which may afford valuable guidance for the erection of future safeguards. Meanwhile, the disease is being fought with a serum, and an early end to Croydon's afflictions is prophesied. There can be no toleration, however, of such outbreaks if medical and administrative ingenuity—and co-operation—can possibly prevent them.

Unemployment Reforms.—The Government's Unemployment Insurance Bill, the text of which has now been issued, makes five detailed, but interesting and important, amendments to the Unemployment Insurance and Assistance schemes. The first two relate to the Junior Instruction Centres and Classes which unemployed boys

and girls may be required to attend. The first clause of the Bill gives the local Education Authorities (who are in charge of the Centres) the power to provide free meals, milk and biscuits for the attending children. Another clause gives Education Authorities in Scotland the power, already possessed by Authorities in England and Wales, to provide medical services for these unemployed juveniles. The Exchequer will provide three-quarters of the cost of these services. The third reform is to include gamekeepers and grooms in the Agricultural Scheme of Unemployment Insurance. This is done on the recommendation of the Statutory Committee, whose report on the subject has also been published. The Committee have considered the inclusion of chauffeurs as well as stablemen and grooms, but have come to the conclusion that chauffeurs should be included in the general, rather than the agricultural scheme, and this can be done without legislation. The Statutory Committee, under Sir William Beveridge's Chairmanship, has already established a reputation for the clarity, progressiveness and humanity of its reports. Its latest document also records an interesting development in the technique of social legislation. The Committee announced both in the Press and by radio that they were contemplating the inclusion of these categories of workers in unemployment insurance, and invited letters both from employers and employees, especially from those opposed to the proposal. The Committee's decision was very largely based on the opinions expressed in the letters received, many of which are quoted. This is a wholly praiseworthy version of the referendum.

The fourth change made by the Bill is financial. In a letter to the Minister of Labour on November 4th, which has now been published, Sir William Beveridge pointed out that by the end of this year the surplus in the Unemployment Fund will amount to about £62 millions and that there is a reasonable prospect of a further £20 millions being added during 1938. The greater part of this surplus is needed as a reserve held against depression or to provide for the improvement of benefit made in the last two years. But in the meantime, the Fund is earning only about 1½ per cent. on its surplus, while it is paying about 3½ per cent. on its debt of about £100 millions. Under the existing law, the Statutory Committee has power to recommend the reduction of debt by more than the prescribed annual amount. But the only effect of such repayment is to reduce the annuity period; it would not affect the annual debt charge on the Fund. Accordingly, Sir William Beveridge suggests that the Fund should have the power to make extra repayments of debt which would proportionately reduce the annual debt charge, and that it should further have the power to re-borrow any such additional repayments. This obviously sensible suggestion is complied with in the new Bill. Finally, the Bill

puts men leaving the defence forces on the same footing as men employed in industry. Hitherto, men normally discharged have been credited with unemployment insurance contributions for the period of their service, but this has not applied to men discharged at their own request or for service or civil offences. This exception, with a few very minor modifications, is now to be removed. This collection of details does not add up to a major reform measure; its dimensions can be gauged from the fact that it will impose a burden on the Exchequer of less than £100,000 a year. But it puts an end to a number of anomalies and illogicalities.

The Japanese in Shanghai.—Having insulated the two foreign settlements in Chinese territory at Shanghai from those Chinese territories that are under Chinese administration, the Japanese have now given the first public intimation that, in the French and the International Settlements, they intend to step into China's shoes. The Japanese Consul-General at Shanghai has presented a number of demands to the Secretary-General of the Municipal Council of the International Settlement and to the French Consul-General, who is the administrator of the French Settlement. He has asked these foreign authorities, in their respective areas, to suppress anti-Japanese activities in the way of Kuomintang propaganda (through the posting of bills, circulation of literature, broadcasting, exhibition of films, theatrical performances, and so on); to remove Chinese Government offices and the representatives of the central and local Chinese administrations; to supervise the activities of Chinese politicians resident in the Settlements; to prohibit Chinese censorship of posts and telegraphs and suppress Chinese censorship of the Chinese Press; and to suppress unauthorised wireless communications. This Japanese move towards taking over the exercise of Chinese sovereign rights would be legal, as a provisional measure for the duration of the war, if a legal state of war existed, and if the Settlements were part of the Chinese national territory that was *de facto* under Japanese military occupation. As neither of these legal conditions is fulfilled, Japan would appear to have no legal *locus standi* for interfering in the affairs of the Settlements at Shanghai. But the question of legality is, of course, beside the point, considering that Japan holds the Settlements in the hollow of her hand and that the foreign Powers are obviously not going to attempt to resist any action she may choose to take.

If Japan is really going to arrogate to herself all China's legal rights in the Shanghai Settlements, the claim may soon be pushed to the point of virtually taking the Settlements over, for the immense structure of

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international and French municipal administration rests on the flimsiest foundations. In law the two Settlements are nothing more than aggregates of parcels of land which the Chinese Government have leased to individual foreign leaseholders. An historian will be reminded of what happened to an earlier generation of Frankish business men in the Genoese foreign settlement at Galata when Mehmed the Conqueror captured Constantinople. Galata, like the two Settlements at Shanghai, was spared the physical devastation that the Turks then inflicted on Stamboul and the Japanese yesterday on Chapei. But the Galata merchants lost their municipal autonomy and were reduced to the same status as the wretched Byzantines, whom they had formerly bullied and despised. Are we witnessing a similar metamorphosis at Shanghai to-day?

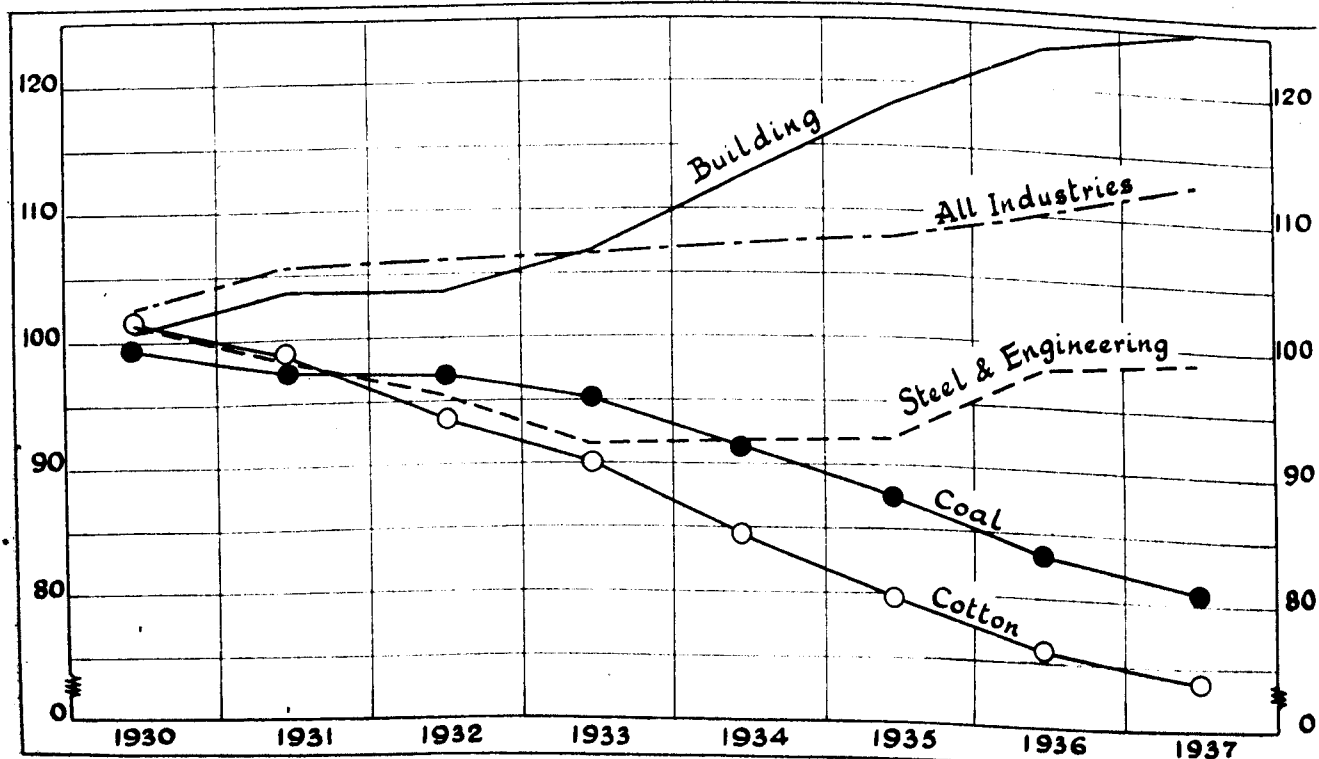
Advance on Nanking.—Superior transport and weight of armament are still producing their inevitable effect on hostilities in the area between Shanghai and Nanking. The Chinese army, though superior in numbers, has been battered or manœuvred out of one position after another. At the end of last week the Chinese were attempting to hold a line which, leaving the Yangtse at Fushan, ran south with the city of Soochow just behind its centre. But the advance of the Japanese along the south bank of the river forced the evacuation of Soochow, and the Chinese have now fallen back to the heavily defended line between Kiangyin on the Yangtse and Wusih on the lake of Tai-Hu. Nanking is about seventy miles to the rear, and it is still the determination of the Chinese command to defend it with all the means at their disposal. It looks, however, as if even the greatest sacrifices of men and munitions will succeed only in delaying the Japanese advance. The civil government has already left Nanking and the foreign embassies have followed the Foreign Office to Hankow. This retreat into the interior is the best strategy for China. But it would be foolish to prophesy how long it will be of avail in view of last month's demonstration of Japan's strength and the West's weakness.

The End at Brussels.—The Brussels Conference has come to an inglorious end. It re-assembled on Monday and adjourned *sine die* on Wednesday, after adopting a report and a declaration. The report is no more than

an historical summary of the work of the Conference. The declaration puts on record the view of the conferring Powers that the Nine Power Treaty applies to the present dispute, that force can provide no just and lasting solution, and that hostilities should immediately be suspended. And that is all. No wonder that Dr Wellington Koo could not conceal his bitter disappointment; and even less wonder that Count Aldrovandi-Marescotti did not try to conceal his glee. The declaration, it is true, does not formally end the Conference, but merely suspends its sittings "in order to allow time for participating Governments to exchange views and further explore all peaceful methods by which a just settlement of the dispute may be attained." But these words mean little. The conferring powers were unable even to reassure France that it would be safe to resist the Japanese threat of reprisals unless the export of arms to China from Indo-China were stopped. In short, the Conference has been a failure so unrelieved that it would probably have been better never to have called it.

Contracting and Expanding Industries.—The November issue of the *Ministry of Labour Gazette* contains the usual detailed analysis of changes in the number of persons insured against unemployment between July, 1936, and July, 1937. The total of 14,611,000 persons aged 14 to 64 insured under the General and Special Schemes in the United Kingdom on July 5, 1937, shows an increase of 326,000, or 2.3 per cent., over July, 1936. The number insured under the Agricultural Scheme was 723,000. Changes in the number insured in all industries as well as in four important branches of activity since 1929 are shown graphically in the accompanying diagram. While the number of persons engaged in building has risen substantially between 1929 and 1937, those in the steel and engineering, and coal and cotton trades has shown a marked decline during this period. But while the reduction of coal miners and cotton operatives has been continuous, there has been a marked influx of workers into the steel and engineering industries since 1935, an indication of the revival of the metal trades. During the year ended July, 1937, however, the rate of influx into the building, and steel and engineering industries has perceptibly slowed down. The rate of increase between 1936 and 1937 was most marked in the case of electric cable, apparatus and lamp manufacture (15.8 per cent.), non-permanent railway workers (12.7 per cent.),

CHANGES IN NUMBER OF INSURED PERSONS SINCE 1929
(1929=100)



electrical engineering (12.4 per cent.), motor vehicles, cycles and aircraft (12.0 per cent.), and National Government Service (10.3 per cent.). The number of workers in the cotton and coal-mining industries, on the other hand, declined by 3.4 per cent. and 3.0 per cent. respectively.

Conspiracy in France.—The anti-Republican conspiracy in France is an unfortunate affair, whichever way we look at it. The first revelation of its nature and extent came last week, and a more comprehensive public statement was made on Tuesday of this week by the Minister of the Interior. The French Government are, of course, to be congratulated on having detected and presumably frustrated the plot in time, and the first public reaction will no doubt be a rally in support of democratic institutions in general and of M. Chautemps' Government in particular. On a longer view, however, it is to be feared that the incident will leave behind it a legacy of anxiety and embitterment. The successful frustration of the plot may make a less lasting impression than its seriousness; and the indignation that will inevitably and rightly be aroused against the conspira-

The Special Areas.—The eagerly awaited report of the Commissioner for the Special Areas in England and Wales will be received, as clearly it was written, with mixed feelings. There has been a marked improvement in employment in the Areas in the past twelve months, due almost entirely to expansion of the basic industries whose decline brought the Areas into being. The percentage of unemployment in West Cumberland, Durham and Tyneside and South Wales fell from 29.5 to 21.9, a decline of 25.6 per cent. compared with 14.5 per cent. for Great Britain and only 12 per cent. for the rest of England and Wales. In the Commissioner's view, the general recovery of the Areas has been "largely independent of armament work," although, under the Defence Programme, the Government has spent £17,286,000 in the Areas on factories and extensions and, between April 1, 1936, and the end of August, 1937, the Service Departments have placed orders to the value of £32,870,000.

Improvement in the heavy industries and re-armament, however, have "affected only certain parts of the Special Areas." Moreover, "no likely increase in the coalmining industry will absorb more than a small

TOTAL REGISTERED UNEMPLOYED OVER 14 YEARS OF AGE IN SPECIAL AREAS
(Column (A) shows number of unemployed and column (B) shows the percentage of column (A) to the number of insured persons in July, 1936; except on September 21, 1936, when the percentage refers to the number of insured in July, 1935.)

Date	West Cumberland		Durham		Tyneside		South Wales		Special Areas Total		% Unemployed Eng. & W.	
	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)
September 21, 1936	12,460	35.2	63,728	24.5	64,993	24.8	141,771	34.2	282,952	29.1	12.1	12.9
November 23, 1936	13,330	38.0	61,979	24.4	64,043	24.0	133,063	32.9	272,415	28.4	11.8	12.4
January 25, 1937...	13,246	37.7	62,274	24.2	66,797	25.4	125,175	31.0	267,492	27.9	12.3	12.9
March 15, 1937...	12,697	36.2	63,358	24.6	64,711	24.6	115,897	28.7	256,663	26.7	11.6	12.3
May 24, 1937...	10,758	30.7	52,913	20.5	55,864	21.2	108,251	26.8	227,786	23.7	10.6	11.1
July 26, 1937...	9,496	27.2	46,041	17.9	51,433	19.6	96,596	23.9	203,566	21.2	9.8	9.9
August 23, 1937...	9,335	26.6	47,420	18.4	53,730	20.4	97,411	24.1	207,896	21.7	9.9	10.4
September 13, 1937	9,431	26.9	47,933	18.6	54,664	20.8	98,580	24.4	210,608	21.9	10.1	10.6

tors may help to widen a gulf between parties and classes which in France hitherto, as in England, has never been too broad to be bridged.

The revelations began on the 16th of this month with certain arrests at Dieppe on the charge of illegal possession of arms and with the sensational discovery in Paris of a secret arsenal and fortress behind the innocent-looking exterior of a boarding-house. Two further discoveries of the same kind followed in Paris on the 18th, and three more—two in Paris and one in Lille—next day. On the same day, M. Chautemps made a public reference to the affair in the Chamber, in which he described France as being in the position of a besieged country. On the same day, again, it was unofficially reported that much of the war material that had been seized had proved to be of German and Italian make. On Tuesday, another arsenal-fortress was discovered in the house of the late M. Coty, the perfume manufacturer, in the suburbs of Paris; and similar discoveries are being recorded from Dieppe, Caen, Montfleur and Lisieux, Lille and Valenciennes, Lyons and Strasbourg, Bordeaux, Toulouse and Cannes. According to the statement made on Tuesday by the Minister of the Interior, the searches have shown that the Republic is confronted with an organisation modelled on army lines. The documents seized reveal that the conspirators were aiming at the overthrow of republican institutions and at the establishment of a dictatorship which was to lead on to a restoration of the monarchy. (The manifesto issued on Monday by the Duc de Guise, the pretender, may or may not have had some connection with the plot.) Whether or not these discoveries have anything to do with a secret society called the *Cagoulards* ("Hoodies"), which was detected in September, they are sufficiently sensational as they stand.

part of the unemployed labour in the Areas"; and, in the iron and steel industry, "improvements in methods have made it impracticable to employ more men on the present plants" and "some proportion at least of those unemployed are not capable of being reabsorbed." The increase in employment has not been in proportion to the increase in output; and although startling reductions in unemployment have occurred in many places, and some reduction in all, there are still 210,608 unemployed persons in the three Areas. The greatest decrease has taken place among the younger men aged 18 to 34 years, and the proportion of older men has increased. "With the return of prosperity to the country, the unfortunate condition of the Special Areas has become more painfully apparent."

Policy for the Areas.—While the Special Areas have been somewhat relieved of their depression, the Commissioner has been engaged on the latest phase of the Government's policy to facilitate a more lasting recovery in the Areas by broadening the basis of their

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economic life. In May, the Commissioner was empowered to give financial assistance to private enterprise in the Areas, by contributions to meet rent, rates and taxes. Sir George Gillett, the Commissioner, sees in this the first step towards the assumption by the State of an increasing responsibility for the location of industry. As yet, however, he can record very little progress in the attraction of new industries, but a great deal in social work. The delays of which Sir Malcolm Stewart complained, due to the need to get decisions from a number of Departments, have been abated by the setting up of an Inter-Departmental Committee. The Trading Estates at Gateshead and Treforest have begun operations, and the Trading Estate Companies are being utilised regionally to clear sites in Durham and South Wales. Sir George has brought into being the South-West Durham Improvement Association and the West Cumberland Industrial Development Company to improve the industrial amenities of the most depressed regions.

To assist him in the inducement of new industries, the Commissioner has the Treasury Fund, the Special Areas Reconstruction Association, and the Nuffield Trust; but, while up to September 30th actual payments from the Special Areas Fund alone amounted to over £4,000,000 out of estimated commitments of £12,900,000, business men have not widely responded to public persuasion. Though he repeatedly emphasises that great progress may be made in the next twelve months, the Commissioner reveals where, in the last resort, his real hopes lie. "The Government cannot, especially since the introduction of tariffs and quotas, evade all responsibility for the location of industry." Referring to the Royal Commission on the distribution of the industrial population, Sir George adds:—

All who have the problem of the Special Areas at heart will follow with great interest the deliberations of this Commission, and will hope there will be produced a policy of lasting benefit alike to the Special Areas and the country as a whole.

In connection with the proposal of the recent Report on the Iron and Steel Industry for an independent body to supervise the development of the industry in the public interest, he says:—

It has at last been conceded that matters which concern the welfare of thousands of our fellow citizens are properly to be considered in relation to their social and broad economic consequences as well as in relation to the profit and loss account of the individual concern. If this

principle had been recognised 15 years earlier much suffering might have been avoided.

Sir George has made the best of a bad job. But, in all honesty, he suspects that neither private initiative and enterprise nor his authorised powers of persuasion are enough. If the Special Areas are to be cured, a more drastic policy is needed.

A Belgian Cabinet at Last.—M. Van Zeeland resigned the Belgian Premiership on October 25th. For four weeks and one day there was no Belgian Cabinet. The three parties which had composed the Van Zeeland Government—Catholics, Socialists and Liberals—were agreed that the only possible Government was a renewal of the same coalition. But several attempts made by Catholic and Socialist leaders were wrecked on the rock of party, personal and linguistic jealousies. M. Spaak, the Socialist Foreign Minister, once almost succeeded and had issued his list of Ministers before the obstinate divisions were re-asserted. Negotiations were suspended during King Leopold's visit to London, but seemed at first to be no more hopeful when they were taken up on his return. Finally, on November 24th, M. Paul Emile Janson, a Liberal Minister of State, succeeded in forming a Government. And after all these delays it is found that the new Government, save for the person of its Premier, is virtually identical with the last. The balance of parties is almost the same, and the two key Ministries of Foreign Affairs and Finance are still occupied by their Socialist incumbents, MM. Spaak and De Man. The result of the crisis is, in fact, a political vindication of M. Van Zeeland, since his personal enemies within the coalition parties have had to be kept out of power. By wrangling for four weeks and then agreeing to a solution which could have been effected on the morrow of M. Van Zeeland's resignation, the Belgian politicians have done themselves scant credit.

Mixed Trade News.—The latest reports from industrial centres indicate that activity is no longer evenly maintained by all branches of business. The iron and steel and metal-using trades remain busy. The demand for coal has shown some improvement, but news from the textile trades continues unsatisfactory. Current sales of cotton yarn represent less than half the current output. Developments in the principal British industries are discussed in greater detail in this week's Trade Supplement.

Overseas Correspondence

From Our Special Correspondents

United States

Washington, Wall Street and Depression

NEW YORK, November 16.—Washington no longer dismisses recent events as a mere flurry in Wall Street, or as nothing more than a desirable adjustment in industry. The dispatches indicate real concern about the outlook, without throwing a great deal of light upon Washington's appraisal of the actual situation. Similarly, comment in Wall Street ranges from the opinion that the recession will be severe, but brief, to the conjecture that we are in the early stages of an extended major depression. If one judges Washington's opinion by the public utterances of eminent officials and Wall Street's opinion by the level of security prices, Wall Street appears to take a more serious view of the future. For example, no one could be better qualified to express Washington opinion than Mr Jesse Jones, chairman of the Reconstruction Finance Corporation (R.F.C.); in the press on November 3rd he was quoted as saying, "there are no clouds on the horizon that would adversely affect the average American citizen"; and he added, "there has been entirely too much attention paid in recent weeks to the gyrations in the stock market." Ten days later he was reported as saying that he did not believe that the business recession was "as serious as some people seem to think," and that he believed improvement would come "in the early future, certainly in the spring."

Mr Morgenthau, Secretary of the Treasury, in a formal address, remarked that "speculative markets have recently been under severe pressure," and that our business indices have "recently shown a declining tendency"; but, after a review of various elements in the situation he concluded that "conditions are favourable for a continued increase in the level of business activity." Considering the prospects of a balanced Budget, he remarked that "to be prudent we should not count on an increase in revenues next year from the existing tax structure. Nor should we impose additional taxation." He suggested instead a reduction in expenditure of some \$700 millions, and specifically of expenditure associated with relief, such as on highways, public works and general unemployment relief. In other words, he anticipated no decline in business which would reduce the revenue from existing taxation, and a lessened demand for relief in its varied forms.

In Wall Street one can pick up highly rationalised forecasts of almost any sort, but on the whole they are pitched in a minor key compared with those from Washington. The average of industrial production (Federal Reserve Board Index) for the calendar year 1936 was 105; the average for the last four consecutive quarters (i.e. the final quarter of 1936 and the first three quarters of 1937) was 115. Part of the taxes paid in 1937 are based on current factors, but part (like income taxes) are based on 1936. The forecast that the present taxes (including the Loophole Tax of last August and the schedule of the so-called Social Security Taxes) will bring revenue in 1938 substantially equal to that of 1937 presupposes that the incomes subject to income tax in 1937 will be approximately equal to those of 1936; and that the rate of industrial activity in 1938 will be approximately the same as in 1937 to date. If the present level of security prices is any expression of unofficial sentiment, it indicates more modest expectations than these; for the decline in the market, and in the current ratio of security prices to dividends disbursed in the last four quarters, suggests a substantial decline in corporate earnings is anticipated. That corporate earnings in the final quarter of 1937 will be lower than in any recent quarterly period is now generally expected.

Reduced Earnings Expected

Actually, these quotations can be interpreted as evidence that a severe and more or less prolonged period of reduced earnings is expected. Such a deduction raises the question whether this forecast is based on fears about the volume of industrial production, or about the diminution of the profit margin. There is no complaint about the volume of business in the utility industry, which is at record high levels; but earning power has been reduced by lowered rates and higher costs. The railroads, on the other hand, are carrying much less traffic than formerly; but, even if their traffic were to recover, they would not recover correspondingly their earning power, which has been eaten away by higher costs and lower rates. The same force has been visibly at work in certain types of building.

The fact is that a considerable part of American investment is not now giving much return to its owners. The railroads are not forming enough capital to provide even for their own repairs and replacements—to say nothing of improvements after long years of small capital investment. The utilities are forming just enough capital to cover maintenance; but at no time in recent years have they offered much attraction for the investment of the additional funds required to meet the needs of a still expanding industry. In an industrial economy, corporate earnings are the principal source of capital formation; and no figures have yet appeared to suggest that recent corporate earnings have in general approached the level of 1928 and 1929, although production in the last twelve months compares favourably with those years. Furthermore, a smaller fraction of those reduced earnings is available for reinvestment in industry by reason of the great increase in taxation. In addition, the general tendency, recently observed, for American investment funds to seek their outlet through institutional channels, and the comparative disappearance of the individual investor, have conduced to the avoidance rather than the assumption of risk.

France

The State of Opinion

PARIS, November 25.—Who are the *Cagoulauds*? None of the public knows. But everyone thinks, without saying so, that it is likely that the discovery of this "plot" will lead to the weakening of the extremists of both Right and Left and the consolidation of the Centre parties. The moderates of the Alliance Républicaine abstained from voting against the Cabinet after the recent speech of M. Delbos, the Minister of Foreign

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Affairs, and a vote of confidence was passed by 399 votes against 160.

The Government will continue to resist exchange control which M. Bonnet has stated would not eliminate the Budget deficit. Nor are they ready to accept the demands of the extreme Left for increases in civil servants' salaries, pensions to aged workers, relief to distressed farmers, etc. Actually, however, political stability is encouraged less by the firm policy of the Cabinet than by two new factors outside the Government. In the first place, there is confusion in the ranks of the Conservatives, due to the dispute between Col. de La Rocque, chief of the "Croix de Feu," who is accused of having solicited financial aid from the secret funds, and the former President, M. Tardieu, and to the disavowal of the Royalist organ, "Action Française," by the Comte de Paris. Secondly, a less favourable sentiment about foreign markets has developed since the Wall Street slump, and by contrast the French difficulties seem less impossible to surmount than they did when the rest of the world had plane sailing and only France was in troubled waters.

Moreover, there are a number of other factors calculated to inspire confidence. These include the new firmness of the franc; the reconstitution of the reserves of the Equalisation Fund; the increase of 3,000 million francs in the gold stocks of the Bank of France; the lowering of interest rates; the issue of two foreign loans in Switzerland and Holland which will facilitate the reimbursement at maturity of the English loan; improved fiscal receipts; increased subscriptions to the "Bons de la Défense Nationale"; and a slight diminution of the import surplus. There are, however, continued doubts about internal policy; and fears suggested by the foreign "minor crisis" are checking the investment of repatriated capital on the Stock Exchange and in business.

Decline in Prices

Confidence in the public finances to-day depends less on orthodox declarations by Ministers than on favourable movements of the economic indices. A certain section of the Press is laying stress upon all the statistics, and especially those of production and foreign trade, which indicate the disequilibrium maintained by the operation of the 40-hour week. Wholesale prices, however, showed a further fall this week.

WHOLESALE PRICES					
	Oct.	Oct.	Nov.	Nov.	Nov.
	16	23	30	6	13
General index	620	614	611	604	595
Domestic products	644	643	641	643	638
Imported products	576	563	559	536	517

For the first time there was a decline in the index of the prices of domestic products.

Foreign trade showed in October an increase in the volume and value of both imports and exports:—

VALUE OF FOREIGN TRADE			
(Millions of francs)			
	October, 1936	September, 1937	October, 1937
Imports:—	760	841	957
Foodstuffs	1,142	2,113	2,208
Raw materials	340	531	553
Manufactured goods	2,243	3,485	3,719
Totals	2,243	3,485	3,719
Exports:—	261	269	342
Foodstuffs	398	771	844
Raw materials	803	1,032	1,177
Manufactured goods	1,463	2,074	2,364
Totals	1,463	2,074	2,364
Surplus of imports	779	1,411	1,355

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The import surplus in trade (excluding colonial) was 1,000 million francs, compared with 1,047 millions in September and 1,593 millions last February. This is the lowest deficit of the year. The ratio of exports to imports is 64 per cent., compared with 59 per cent. in September and 56 per cent. in August.

The monthly figures published by the Statistique Générale of industrial production in France are as follows:—

(1913 = 100)				
	Sept., 1936	July, 1937	Aug., 1937	Sept., 1937
General index	95	100	91	96*
Engineering	97	117	110	109
Iron and steel	81	104	91	102
Textiles	64	59	45	54
Mines (adjusted figures)	91	96	74	99
Building	58	55	53	51
Leather	106	94	91	91
Paper	159	129	112	130
Rubber	952	872	904	932
Motors	450	447	448	438

* An increase principally due to the end of "paid holidays."

In the week ended November 15th unemployment was 325,497, compared with 321,994 in the preceding week and 406,444 a year before.

Germany

Views on World Trade

BERLIN, November 24. — The Halifax visit had no visible influence on business, and very little on political sentiment. Share prices have again declined; but the cause seems to have been uncertainty about the international business outlook and, in particular, American prospects. In general, no serious or prolonged trade depression is feared. For the collapse of securities the fall in primary commodity prices is made responsible. The fact that shares on the Amsterdam stock exchange, where raw material concerns dominate, declined more than on other European exchanges, is considered to support this view. But the depreciation of raw materials, it is held, was an inevitable reaction against a too rapid recovery which was in great part speculative; and Washington's warnings of last winter against this kind of speculation are considered to have merely hastened and intensified the inevitable.

The recent policies of President Roosevelt, and indeed his policies ever since the dollar depreciation, come in for a good deal of criticism. The Director of the Trade Research Institute, Dr Wagemann, does not believe that a serious world economic crisis is impending. The raw material speculators, who drove prices up, underestimated, he says, the elasticity of production. But the future will not be decided by supply, though even in this certain factors raising prices are visible, but rather by demand, as determined by the future development of world trade. Dr Wagemann predicts that, while the reaction in the United States may last into 1938, no serious crisis need be feared; and he considers that cyclical conditions there and elsewhere are much more favourable than in 1929.

Financial journals point out that international unrest has so far had little influence on trade. It is not ignored that re-armament, itself due to the unrest, has stimulated industrial activity. In German business circles war talk is taken less seriously than abroad. The Chinese and Spanish troubles, it is observed, have become chronic and less acute. In these issues the pacific inaction of Great Britain, France and the United States constitutes a certain guarantee against complications. In Central Europe the situation has certainly not become worse. The Berlin-Prague exchange of hard words, which in the American Press has swollen to the dimensions of a "war scare," even with forecasts of the date of the German attack, differs in no way from the wordy duel between Berlin and Warsaw, before it was suspended by the ten-years' truce; and, indeed, the grounds are substantially the same. Certainly Germany is conducting an irredentist agitation against Czechoslovakia; but the

story that she intends to march into that country seems to be entirely without foundation. If only Czechoslovakia were to give up her association with Russia, which is the main cause of German resentment and fear, the irredentist agitation would probably subside.

Food Supplies

The grain and fodder outlook seems to have improved. In consequence of the large potato crop, the veto against using bread cereals for fodder has been more effective than was anticipated. Foot and mouth disease has spread from some 4,000 farms to 6,460 farms; but it is insignificant compared with the outbreak of 1920-22, which affected nearly 85,000 farms in 16,000 municipalities.

The meat question, which is mainly a pork question, is causing apprehension. The total number of pigs is about 2 per cent. lower than a year ago. The increase shown in the number of pigs of slaughtering age guarantees a sufficient supply of fresh pork in the coming months, but a heavy decline in breeding may threaten the supply at some time next year. This problem is being met by restricting the production of sausages and other pork products, and by increasing the prices of pigs to farmers by from 1 to 3 marks per 50 kilograms, according to weight. Retail prices are not to be raised.

The consumption of pork, the chief meat food, in the first three quarters of this year, was 1 per cent. higher than in the same period of 1936. The increase in the consumption of beef was 16.0 per cent.; and of all kinds of meat, including pork, the increase was 6.5 per cent. With the exception of tropical fruits, which show a decline of 34.8 per cent., consumption of all the more important food products has increased: of wheat flour by 7.7 per cent., of sea fish by 4.4 per cent., of milk by 4.9 per cent., of sugar by 10.6 per cent., of coffee by 17.3 per cent., and of beer by 7.9 per cent. The consumption of cigars has risen by 5.6 per cent., and of cigarettes by 7.6 per cent. These increases are in the total, not the per capita, consumption. The value of imported foodstuffs and condiments in the year ended July 31, 1937, was Rm. 1,757 millions, compared with Rm. 1,483 millions in 1935-36, when the lowest point was reached, and Rm. 5,579 millions in 1928-29. The increase in 1936-37 was almost entirely in vegetable foods (mainly wheat), imports of which rose in value from Rm. 674 millions to Rm. 906 millions. In 1935-36, the import of vegetable foods fell to little more than one-fifth of the 1928-29 figure (Rm. 3,160 millions), due, in part, to the fall in prices. The 12 per cent. improvement in prices in 1936-37 also partly accounted for the recent increase in the value of imports. The export of foodstuffs in 1936-37 continued to decline, and was only Rm. 86 millions in value, which is one-tenth of the highest pre-depression level.

The industrial situation has undergone no change. Coal production in 1937 will considerably exceed the output of 1929, which was 163,400,000 tons, the highest figure in pre-depression years. Coal exports, too, will exceed those of 1929 by about 10 million tons; and the average export price of German coal has recovered to nearly the 1929 level, being now Rm. 12.15 per ton, compared with Rm. 12.40 in 1929 and Rm. 8.86 in 1932. The inland price of Ruhr-Stückkohle is Rm. 18.25 per ton, compared with Rm. 20.40 in 1929 and Rm. 17.04 in 1932. It is reported that, owing to increased home production and structural economies, the shortage of non-ferrous metals is abating.

The return of the Reich Debt for September 30th shows a total of Rm. 17,602 millions, which is some Rm. 2,000 millions above that of the same date in 1936. Also returned, but not included in the above total, is Rm. 508 millions of other liabilities, compared with Rm. 940.4 millions a year before. This item consists mainly of tax credit certificates, and the decline is due to decrease in the circulation of these and in the amount deposited with the Reichsbank as security. According to rule, the Reich's bill liabilities are not returned. No new light on this last matter has been thrown for many months.

Hungary

Political Reforms

BUDAPEST, November 12. — Parliament reassembled after the summer recess and M. Darányi, the Prime Minister, opened the political season with a speech which succeeded in calming down the somewhat troubled atmosphere of the late summer months. It appears now that the Government will introduce the Electoral Reform Bill before the end of the year. As the Prime Minister frequently consulted the leaders of the parliamentary Opposition about the secret ballot and the redistribution of the constituencies, there is a fair chance that the Bill will pass, though considerable differences have still to be surmounted, especially about the proposed rights of the Upper House.

The forthcoming visit of M. Darányi and his Foreign Minister to Berlin has no special political significance. Negotiations to improve relations with the neighbouring States, Czechoslovakia and Roumania, are to continue. Their success depends primarily on goodwill and the guarantees which the Roumanian Government is prepared to give concerning the rights of the Hungarian minorities.

The revision of the Rome Protocol has not caused any concern in business circles. When the Rome Protocol was originated in 1934, cereal prices were very low and Hungary's chief object was to obtain for her wheat farmers better terms than the free markets offered. The problems now awaiting solution result from the sharp rise in Hungary's export surplus to Italy, and from the fact that changes in Italy's foreign trade position have altered the prospects of handling the proceeds of this surplus. These changes come just when the whole question of marketing Hungary's exports may be examined anew in the light of the increase in food prices on the free markets.

Favourable Trade Balance

Comparative figures of foreign trade in 1936 and 1937 are as follows:—

(In million pengö)				
	Imports		Exports	
	1936	1937	1936	1937
January-June	219.6	218.5	216.1	293.2
July	36.8	41.7	40.7	41.2
August	31.9	41.2	49.4	49.8
September	33.5	42.6	53.9	48.0
January-September	321.8	344.0	360.1	432.2

Though the export surplus for the first nine months, valued at 88 million pengö, is the largest recorded for any corresponding period for many years past, it is significant

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that exports in the third quarter were considerably lower in value as well as in quantity than in the same quarter of 1936.

The direction of Hungary's foreign trade show that 23.5 per cent. of the total exports in the first eight months of 1937 went to Germany, 17.2 per cent. to Austria and 14.4 per cent. to Italy, practically the same proportions as in the corresponding months of 1936. On the other hand, exports to England fell considerably, amounting to 6.3 per cent. of the total, compared with 9.7 per cent. in 1936. Germany was again the leading importer, with 26.3 per cent. of the total, a little more than last year, but still insufficient to pay for the value of the merchandise exports; on balance there is some 11 million pengő to Hungary's credit in trade with Germany in the first eight months of 1937. Imports from Austria have increased from 45 million pengő to 54.5 million pengő, or from 15.6 per cent. to 18.1 per cent. of the total imports. While the value of Hungary's merchandise exports to Austria in the same period have risen from 51.5 million pengő to 66.2 million pengő, the Austrian clearing is still unfavourable to Hungary, because the agreed 100 to 150 ratio in favour of Hungary has not been achieved for years, with the result that Austria has considerable uncleared claims in Hungary.

Business continues to be good, and winter prospects are satisfactory. The only disquieting feature is that prices of basic commodities are in some instances well above world market prices, as in the case of wheat, live-stock and other agricultural products, especially those which are readily marketable in Germany. The cost of living, according to the Statistical Office's index, has risen from 97 in September, 1936, to 103.5 at the end of September, 1937. The higher prices have led State employees to ask for an increase in their wages, and the Government has now promised a moderate increase, which will probably take effect in January, 1938. As public revenues continue to come in at a satisfactory rate, a small increase in this item of expenditure will not jeopardise the budgetary equilibrium which was just re-established last year after seven years of continuous deficits.

Spain

Finance in Republican Spain

BARCELONA, November 11.—Towards the end of October the sum of 290 million pesetas (about £3,550,000 at the official rate of exchange) was required by the Spanish Government to reimburse the holders of Treasury debentures if they should make use of their option to be refunded on that day. A loan was issued to meet the possible demands of the holders. The holders of only

an insignificant part of the above amount, however, made use of their option. The Prime Minister, Dr Negrin, in a declaration made to the Press, referred to this episode as a "most eloquent vote of confidence given to the issues of the Spanish State." It was largely due to the previous punctual payment of interest on all loans issued by former Spanish Governments, "a proceeding probably unique in the history of civil wars."

During the sessions of the Cortes held at Valencia in October, the Spanish Government was authorised to carry out a series of temporary and permanent financial measures involving considerable expenditure. The Cortes therefore approved the issue of a loan in one or several parts to a total amount equal to that actually owed by the State Treasury, the amortisation of which must not extend over a period of more than five years. The bonds are to be issued at par at a maximum interest of 5 per cent.

The necessary means for the service of this loan, as well as for the execution of measures for the support, development and guidance of national activities, are to be procured by a series of new taxes. An additional war tax will be levied varying from 50 to 25 per cent. on all incomes over 5,000 pesetas a year. The tax already in force on the interest coupons of public bonds will be increased to cover 50 per cent. of the interest charges upon the State, and the tax will have to be paid on bonds issued free of taxes. A tax varying between 10 and 30 per cent. will be levied on pensions paid by Government, with the exception of those not exceeding 5,000 pesetas a year. All these taxes, it is stated, will be cancelled as soon as possible after the war.

A considerable increase in public income may be expected from new monopolies and from the modification of the existing ones. In cases where the latter have been rented to companies in return for fixed annual payments the Government has the right to reclaim them and work them direct.

Government Intervention

One of the most important parts of the decree deals with the municipalisation of public services. The Government is entitled to superintend the technical and administrative management of these services by the municipal authorities and to lay down conditions for the expropriation of the former owners. The decree states further that the municipalities have no right to entrust the working of these services to third parties.

No modification of the present Spanish monetary system is intended, but the Government of the Republic has now the right to withdraw the coins and notes at present in circulation and to issue new ones, to a maximum covered by a reserve of precious metals, properties, credits and foreign currency, the proportion of which to the total fiduciary issue will be fixed. In no case can notes be issued without cover.

A special section of the decree is devoted to the consolidation of banking establishments and the participation of the State in their profits. The terms of rediscount allowed by the Bank of Spain to private bankers are to be revised, to give greater elasticity to the banking system. The Government is further authorised to decree the amalgamation of several banks, and to alter the composition of the boards of directors of credit establishments to establish "public influence"—but, in no case, to deprive the boards of their autonomous rights.

The prices of foodstuffs and raw materials are officially regulated to prevent profiteering; and foreign trade is supervised to ensure the convenient employment of credit and debit balances and to prevent the flight of capital. An official Agricultural Credit Bank is to be established with branch offices in all provinces to grant credits to small farmers and farmers' syndicates. The cultivation of tobacco has hitherto been prohibited in consequence of the agreement concluded with the tobacco company. It is now to be encouraged, and this cultivation will probably benefit Spanish agriculture, as experience has demonstrated that tobacco of exceptionally good quality can be produced in many Spanish provinces. The tobacco produced will be sold exclusively to the State.

Greece

Agricultural Development

ATHENS, November 5.—Provisional returns confirm to a large extent the optimistic spring forecasts of this year's crops. The output of the principal agricultural products, compared with that of last year, is likely to be as follows:—

AGRICULTURAL OUTPUT (In tons)		
	1936	1937
Wheat	580,000	900,000
Other cereals	363,000	500,000
Tobacco	82,000	64,000
Currants	126,000	120,000
Must	256,000	332,000
Olive oil	64,000	154,000
Cotton	50,000	88,000
Figs	20,000	24,000

The decrease in the output of tobacco is due chiefly to restrictive policy, but the quality is much improved. The lower output of currants is attributed to adverse climatic conditions.

The paramount importance of agricultural development and good harvests for the economic prosperity of Greece need hardly be emphasised. Hence the efforts of successive governments, especially since the world war, to promote agriculture by extensive land reclamation, by the propagation of scientific methods of cultivation, and by the development of agrarian credit. These efforts have gradually been intensified, and the scope of State regulation has been enlarged to include the improvement of the quality of the products and their marketing conditions—especially in the case of products for export, which are meeting with increasingly severe competition in foreign markets.

Active Industry and Trade

Industry has been exempted from the business turnover tax on the proceeds of its sales abroad. Industrial activity is maintained at a high level, especially in the trades working on government contracts and in the metal industries. There are no important stocks, and because of a steady demand and the increase in raw material prices and in costs, the prices of industrial articles are 25 to 30 per cent. higher than a year ago. The index of industrial production (1928=100) was 154.51 in June (the latest available figure), compared with 149.48 last December, and 132.73 in June, 1936. For the same periods the general index of economic activity was 131, 129.5 and 94.2 respectively.

Foreign trade returns for the first eight months of the current year compare as follows with the corresponding period of 1936:—

(In millions of drachmas)			
January to August:—	Imports	Exports	Surplus of Imports
1936	7,556	3,090	4,466
1937	9,909	4,763	5,146
Increase in 1937	2,353	1,673	680

In volume, both imports and exports are larger this year, though the increase in exports is due entirely to exceptionally big shipments of mineral ores of comparatively small value. The large increase in the value of both imports and exports is due to the rise in world prices. Despite restrictions, imports have now been steadily growing for some years; and the import surplus has risen accordingly. New clearing and other agreements were signed on September 24th with Germany, which is now the principal customer of Greece. It was officially stated that these agreements aimed at balancing the trade between the two countries, to avoid the problems arising out of the creation of creditor balances one way or the other.

After steadily declining in July and August, the gold and foreign exchange reserves of the Bank of Greece have increased since September. Compared with last year, the returns of public revenue and expenditure

were also higher. The recent Stock Exchange speculative boom was followed by severe reaction in August and September.

Greek shipping is benefiting from the rise in international freights. Greek shipowners are encouraged to increase their fleets. According to private statistics, in the course of the second and third quarter of the current year 36 new steamers have been bought, with a capacity of 125,243 tons, for a sum of £1,366,220.

Letters to the Editor

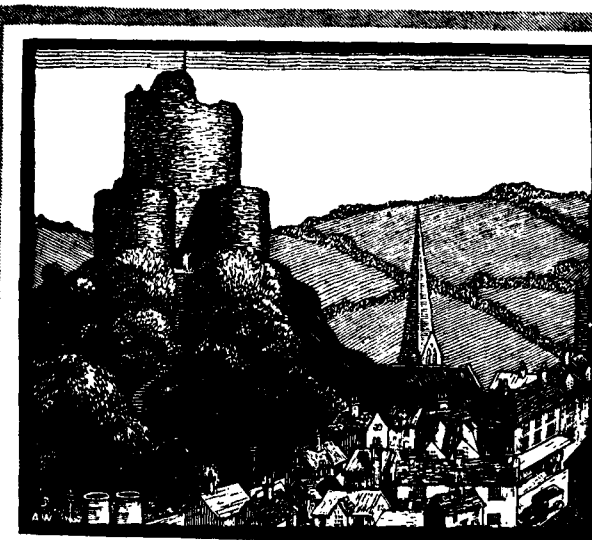
Investors and the Coal Bill

TO THE EDITOR OF THE ECONOMIST

SIR,—I cannot but think that in estimating at a figure between £1.2 millions and £1.6 millions the sum which will be applied to the reduction of underground wayleaves, etc. (*The Economist*, November 20th, page 378), you are being somewhat optimistic. If we assume that the gross revenue from royalties is about £5 millions per annum, there is an initial deduction of £1.25 millions for income tax. Since the Coal Commission are in no way exempt from liability for any tax, duty, rate, welfare-levy, or other charge, whether general or local—which means that in Scotland they will have to pay some 50 per cent. of the local assessment—a conservative estimate of the aggregate taxation to be added to income tax would be £400,000; which will leave the Commission with about £3.35 millions.

Assuming that they raise a loan at 3½ per cent. repayable at sixty years, the annual service of the loan will be about £3.065 millions, from which approximately £665,000, being recoverable income tax on the interest (estimated at £2.37 millions), must be deducted. The net cost to the Commission of the loan will thus be about £2.4 millions annually.

The balance at the disposal of the Commission is thus £950,000. But out of this must be found the salaries of five whole-time men, and the costs of secretaries, officers,



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agents, surveyors, and the like. This staff will require provision for gratuities, pensions and so forth; incidental costs, such as those relating to arbitrations, will also have to be found; and the costs of the Commission will be about £250,000 a year.

This leaves only £700,000 available for the relief of the industry. This sum is likely to be substantially outweighed by the expense to which colliery undertakings will be exposed owing to the divorce between the ownership of the minerals and the ownership of the surface, and the fact that the mineral owner will no longer have any interest in the extraction of coal.

Under the present system, if a colliery closes down, it ceases to be a burden on the industry. When compulsory amalgamation takes place, the "uneconomic" collieries will remain like a millstone round the necks of the more prosperous undertakings. Even if they are closed down, the price at which they are taken into the amalgamation must increase the capitalisation of the latter, and hence also the sum upon which its dividends have to be earned.

Yours faithfully,

Lincoln's Inn.

PHILIP GEE.

Are We Living on Capital?

TO THE EDITOR OF THE ECONOMIST

SIR,—It is frequently claimed that if a country has an adverse balance of trade, or more correctly balance of payments, it is living on its capital. Is this correct?

When we say that private citizen A. is living on his capital we mean that he is supplementing his income by realising and spending his capital assets. Is this procedure analogous with the broad issue under discussion? When an English importer buys surplus commodities ("surplus" in relation to the volume of exports) no one will suggest that the importer is living on his capital; indeed, if he makes a profit, he is even increasing it. Again, the private buyer of the "surplus" commodities is not living on his capital, since presumably he limits his expenditure to his income. Finally, if it be said that the country must be inflating

its currency or credit, a veiled form of living on capital, the answer is that the known facts are against this assumption.

It is difficult to see whose capital is being destroyed. The foreign exporter of "surplus" commodities acquires "sterling" which he disposes of through the medium, in most cases, of foreign exchange dealers or financiers. The ultimate owner of this sterling may buy commodities, in which case the adverse balance will be eliminated, or he may invest the sterling by loan or in industry or capital goods production. There seems to be no "living on capital" in this procedure in any intelligible use of the phrase.

Yours faithfully,

FRANK MORRIS.

Constitutional Club, S.W.

Local Loans Stock

TO THE EDITOR OF THE ECONOMIST

SIR,—May I suggest an answer to the question on page 268 of your current issue, "Why do Government Funds contain such a large proportion of Local Loans Stock?" The National Health Insurance Act, 1924 (14 & 15 Geo. 5. c. 38) provides in section 70 (1): "The Minister shall ascertain periodically what sums standing in the National Health Insurance Fund . . . are available for investment, and the amount so ascertained shall . . . be paid over to the Commissioners for the Reduction of the National Debt and by them invested . . . in any securities which are for the time being authorised by Parliament as investments for Savings Banks funds, but those Commissioners shall, in making the investment, give preference to stock or bonds issued under the provisions of the Acts relating to borrowing for raising capital for the purposes of the Local Loans Fund where the purposes for which the capital is required is the making of advances for the purposes of the Housing Acts, 1890 to 1923."

Yours faithfully,

J. F. CAHAN.

University College, London.

Books and Publications

Red China

THIS book* is compulsory reading for those who follow Chinese affairs, since it is the best-informed first-hand account of the growth and present condition of the Communist Soviet State of China. In June, 1936, Mr Snow

* "Red Star over China," by Edgar Snow. Gollancz. 512 pages: 16s.

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took advantage of the unofficial collaboration which had developed between the Communist armies and Chang Hsueh-Liang's soldiers, tired of wasting their energies on fighting Chinese while Japan was daily becoming a greater menace to the independence of the whole of China. He penetrated to the Communist State in Shensi province and lived there for five months.

His story is full of the personal histories of the leaders of the Red State: Mao Tse-tung, the Chairman of the Soviet, and political leader, Chu-Teh, commander-in-chief, and so on. Mr Snow was deeply impressed by their qualities, and his descriptions show men of simple personal standards, of heroic courage and unlimited enthusiasm and devotion to their cause.

Through their own words he tells of the long struggle of the Communists in Southern China, first in collaboration with the Kuomintang, and later as their enemies, after Chiang Kai-shek had completed his coup and turned to exterminate the Communists in a series of elaborate military campaigns. This stage of the story culminates in the incredible march of the Red Army from its base in Kiangsi to a new home in Shensi, a distance of about 5,000 miles. Much of the ground covered was extremely hazardous, and throughout the march the army was attacked by provincial armies and by the various forces of the Central Government. It is one of the world's great military exploits.

Greatest interest in the book naturally centres in Mr Snow's account of the fraternisation which developed between Communists and Central Government troops; their common agreement to urge upon Chiang Kai-shek to stop civil war in favour of a united front against Japan; the events which led up to the Sianfu crisis early this year; the conversion of the Generalissimo; and the decision by Japan to attack China at once before she became too strong.

It is probable that Mr Snow's account errs in two directions. His picture of the simple Communist State,

its benevolence and freedom from human fault, savours a little too much of perfection. Stupidity, ignorance, revenge, cruelty, must have produced some pretty horrible results even in the Red State of China. And the account of the Sianfu crisis suggests too strongly that it was the devoted Communists who gained their point and that Chiang Kai-shek bowed to their wisdom. In truth the Sianfu agreement is much more of a compromise in which the Communists have the short end of the stick. For the time being the Communists stop their social and economic programme, their armies run the risk of annihilation by the Japanese in the north, and Chiang has opportunity to establish greater control in their present territories. If Japan wins the war, then the tendency for China to turn Communist will be greater, but the Sianfu arrangement could hardly be blamed for this development.

But Mr Snow has put the world in debt by his enterprise in securing an exciting and vivid account of one of the world's most important events, and by bringing alive for us the heroes of Red China, known previously to the outside world only through the highly prejudiced accounts of Chinese nationalist propaganda.

Shorter Notices

"Organising a Sales Office." By L. Urwick, E. Aston, F. H. Cordukes and C. H. Tucker. Second Edition. Pitman. 181 pages. 10s. 6d.

The literature of business management is growing. Mr Urwick's pioneer work on the unified sales office has accordingly been re-issued in its second edition most opportunely. In its first form, ten years ago, this study dealt with Messrs Rowntree's plan to solve the problems of sales organisation. Since then correlated discussion about these questions have led to further experiments, and it was from the report of a paper in the *British Management Review* that Mr Urwick learned of a venture of The Imperial Tobacco Company at Nottingham akin to the Rowntree's scheme. He has therefore included an account of the Nottingham sales office in this second edition. Mr Urwick has been fortunate in his collaborators, and although, as he says, "Great Britain is notoriously a conservative country," the structure of business organisation is clearly receiving more and more attention from progressive business men. The unified sales office, lucidly described in detail in this book with pictorial illustrations, is clearly spreading, and students and practitioners of business alike will find Mr Urwick's account most useful.

"History of Anarchism in Russia." By E. Yaroslavsky. Lawrence and Wishart. 127 pages. 2s. 6d.

An appreciation of anarchism is necessary to an understanding of the Spanish civil war. M. Yaroslavsky's work is therefore timely. His brief history is chiefly occupied with Russian anarchism, but, since he finds it necessary to trace anarchism back to its theoretical roots in the teaching of Bakunin, he is able to give an account and critique of anarchism in general. He makes several references to the present Spanish situation and suggests that the pressure of events is disintegrating the specific ideals of anarchism. In a war situation, with its urgent need for organisation and discipline, the "libertarian communism" of the anarchist is a heavy liability. It is clear that anarchism is an essentially transient social phenomenon appearing in societies such as those of pre-revolutionary Russia and contemporary Spain where there is an uneasy synthesis of two fundamentally antagonistic economies, the capitalist and the semi-feudal. This book deserves less slovenly translation and proof-reading.

"Monetary Policy and Economic Stabilisation." A Study of the Gold Standard. By A. D. Gayer. Second Edition (Revised). A. and C. Black. 288 pages. 10s. 6d.

Dr Gayer has brought his excellent study of monetary practice and controversy up to date. Chief among its many qualities are its clarity and the evidences of first-hand knowledge which the author has derived from his experience as an expert in practical affairs in American administration and banking.

Books Received

A Survey of the Social Structure of England and Wales. Second Edition. By A. M. Carr-Saunders and D. Caradog Jones. (London) H. Milford. 235 pages. 10s. net.

Incorporated Accountants' Society of London and District. Lectures 1936-37. (London) Published by the Society, Incorporated Accountants Hall, Victoria Embankment, W.C. 176 pages. 3s. 6d. net.

The Institute of Actuaries Year-Book 1937-38. (Cambridge) University Press. 218 pages. 3s. net.

Rothamsted Experimental Station, Harpenden. Report for 1936. (Harpenden) The Secretary. 294 pages. 2s. 6d. net.

King Edward's Hospital Fund for London. Statistical Review of the Work and Finance of the London Voluntary Hospitals for the year 1936. (London) King Edward's Hospital Fund. 10 Old Jewry, E.C.2. 31 pages. 1s. net.

Statistics of the Iron and Steel Industries. British Iron and Steel Federation. (London) British Iron and Steel Federation, Tothill Street, S.W.1. 291 pages. 10s. 6d. net.

The Northern Countries in World Economy. Denmark—Finland—Iceland—Norway—Sweden. Delegation for the Promotion of Economic Co-operation between the Northern Countries. (Finland) The Otava Printing Office. 240 pages. No price stated.

The Federal Reserve Bank of San Francisco. By P. B. Willis. (London) H. Milford. 267 pages. 15s. net.

Official Publications

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

National Debt. Return showing Aggregate Liabilities of the State, the Estimated Assets, etc., 1913-14 to 1919-20 and 1922-23 to 1936-37. Cmd. 5549. 6d. net.

Report of the Chief Registrar of Friendly Societies for the Year 1936. Part 4. Trade Unions. 1s. 6d. net. Part 5. Building Societies. 1s. 6d. net.

Workmen's Compensation. Statistics of Compensation and Proceedings during the year 1935. Cmd. 5557. 6d. net.

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"It is certain that his analysis of present financial difficulties and his admirable review of the past could not easily be bettered."—*Truth*.

"A highly critical survey of the manner in which our French neighbours have conducted their financial and fiscal affairs during and since the War, though his interesting survey incidentally often looks back over earlier periods."—*The Times*.

"Mr Peel's extremely interesting and readable book."—*Investors' Review*.

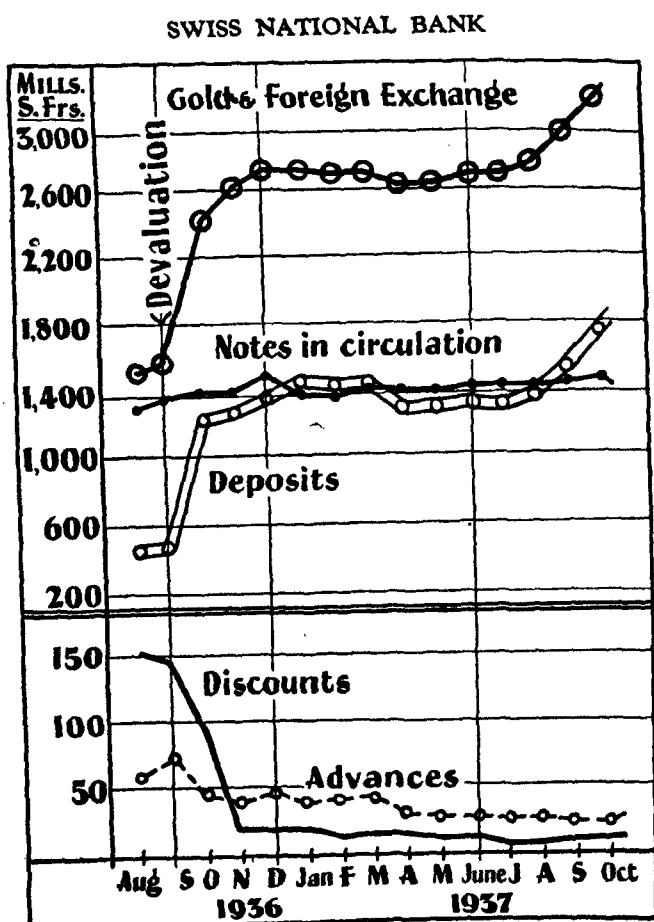
MACMILLAN & CO. LTD., LONDON, W.C.2.

MONEY AND BANKING

Swiss and Dutch Banking

THE measures taken in Switzerland in recent weeks against the influx of foreign short-term capital have once more attracted attention to the problems of the two smaller members of the defunct gold bloc. Their experience has been almost the opposite of the French, since their problem has been, not to prevent the further outflow of funds, but to stem the flood of foreign and repatriated capital which has threatened to overwhelm them. Both Dutch and Swiss banks have ceased to pay interest on foreign deposits. The Swiss banks have gone further: they have imposed an actual "safekeeping" charge of 1 per cent. on deposits—a form of "negative interest"—and they have now begun to refuse foreign deposits even on these terms.

The effect of devaluation and its sequel upon the Swiss National Bank can be seen in broad outline from the following chart:—



The gold and foreign exchange holdings of the Bank have risen from 1,499 million francs on August 31, 1936, to the record amount of 3,192 million francs on November 7, 1937. Moreover, these figures do not include the holdings of the Exchange Fund, which amount to several hundred million francs more. But even without this addition the increase in the reserve is very large.

The effect of this increase in the reserve has been largely concentrated on deposits. Notes in circulation have risen only from 1,363 million francs to 1,419 million francs, and this increase can be fully explained by the greater volume of activity in Swiss industry today in comparison with last year. Deposits, on the other hand, have risen from 457 million francs to 1,810 million francs, or by 296 per cent. The flood of cheap money has greatly reduced the demand for the credit facilities of the National Bank. Discounts have fallen from 156 million to 10 million francs and advances from 62.6 million to 27.5 million francs.

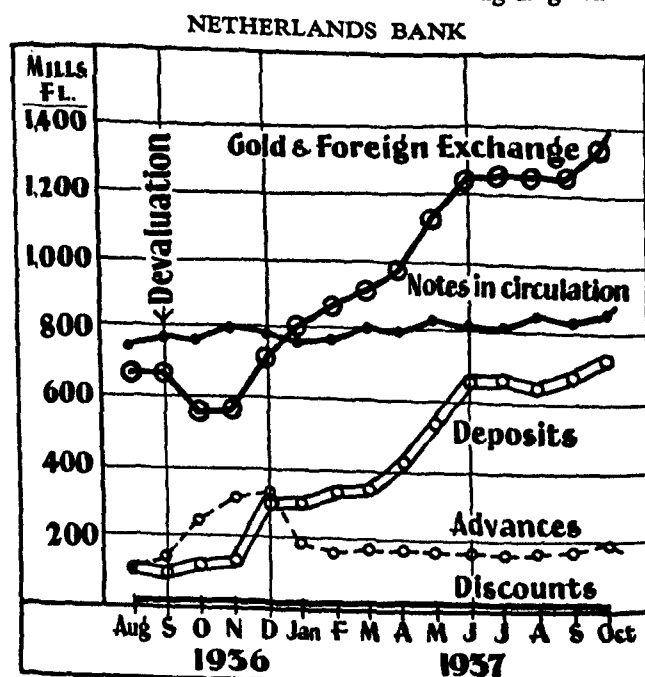
The balance sheet of the National Bank has thus been dominated during the past year and a quarter by forces external to Switzerland. The quarterly returns for the other large Swiss banks show much the same effects:—

	Sept. 30, 1936	Mar. 31, 1937	Sept. 30, 1937
Liabilities:—			
Demand Deposits.....	1,270	1,501	1,745
Time Deposits.....	338	313	278
Savings Deposits.....	494	496	494
Drafts, etc.	888	846	820
Assets:—			
Cash.....	399	812	855
Discounts.....	459	457	656
Current Advances.....	1,254	1,208	1,101
Loans.....	622	535	432

It will be noticed that the only item on the liabilities side which shows an increase is demand deposits, where the growth has been rapid. On the other side of the balance sheet loans and advances have fallen, in spite of the revival of industrial and commercial activity, and the increase in discounts can be entirely ascribed to one of these seven banks. Only cash shows a large and general increase.

The Swiss banking system is thus in the abnormal position of having at its centre a plethora of funds, arising largely from outside the country. In the period since the devaluation, the Swiss economy has not, in fact, made any call upon these funds, and indeed the supply is now greater than any likely demand. This fact, together with the knowledge that funds which have come so quickly might depart with equal suddenness, has induced the Swiss authorities to lay down the policy not merely of discouraging a further inflow but of inducing the funds already in Switzerland to depart.

The position in Holland is substantially the same as in Switzerland. The chief items in the returns of the Netherlands Bank are shown in the following diagram:—



The reserve of gold and foreign exchange has increased by 108 per cent. since the devaluation, in spite of the fact that the gold is still valued at the old parity. Notes in circulation, on one side of the balance sheet, and advances, on the other, have both shown very little change, but deposits have increased from Fl. 100.6 to Fl. 742.5 millions. As in Switzerland, the superfluity of funds has reduced the demand for central bank credit.

Information about banks other than the Central Bank is not so readily available in the Netherlands as in Switzerland. But the following figures combined from the monthly returns of the Incasso Bank and the Twentsche Bank show the increase in bank cash:—

	Sept. 30, 1936	Mar. 31, 1937	Sept. 30, 1937	Oct. 31, 1937
Liabilities:—				
Deposits.....	123.9	164.6	185.5	201.0
Savings Deposits.....	79.0	85.7	86.3	88.1
Assets:—				
Cash.....	39.6	81.3	111.6	138.5
Advances, etc.	143.7	145.2	147.8	145.2

Dutch experience has thus been very similar to the Swiss. There is less inclination in Holland than in Switzerland, however, to proceed to extreme measures to get rid of "hot" money. The Dutch problem, as seen from Amsterdam, is to convert short-term into long-term capital. The industrial and commercial demand for long-term capital is small at the moment, but Holland's position at the centre of world trade would ensure a rapid revival if circumstances became more favourable. Drastic measures can drive "hot" money away, but they are powerless to harness it to work. Meanwhile, Holland will maintain the freedom of her money market and await fresh opportunities for Dutch enterprise and capital.

Financial Notes

Dutch Loan to France.—It is reported from Amsterdam that a syndicate of Dutch banks headed by Menclssohn and Company and the Netherlands Trading Society has arranged a credit for the French railways for a maximum sum of Fl. 150 millions. The credit is for one year only, and will take the form of three months' bills subject to three renewals. These bills carry a guarantee against any future depreciation of the French franc. They will be accepted for rediscount by the Netherlands Bank. The rate of interest is reported to be 4½ to 5 per cent. This credit will provide the French railways with the equivalent in guilders of £16.7 millions sterling, which, together with the recent Swiss loan, equivalent to £9 millions sterling, provides the French authorities with over £25 millions towards the impending repayment of the French railways' sterling credit of £40 millions. The remainder of the sterling should be found without the slightest difficulty out of the proceeds of the influx of funds into France during the past few weeks. Thus France has successfully surmounted what at one time looked like a difficult obstacle, while Holland and Switzerland have found employment for some of the surplus funds alluded to above.

Some Banking Views.—By a fortunate coincidence authoritative banking expressions of opinion bearing on our trade position have been forthcoming recently from three parts of the British Empire. Speaking at the annual general court of the Royal Bank of Scotland, the Duke of Buccleuch expressed some apprehension at the growth in Great Britain's adverse trade balance, which he pointed out was comparable to that of 1931. Meanwhile Mr S. H. Ward, the new chairman of the English, Scottish and Australian Bank, was alluding to the past year's growth in Australia's export surplus from £23.6 millions to £36.3 millions sterling, which has caused a strengthening for the time being of the Australian banking system's London funds. Finally, Mr A. A. Magee, speaking at the annual general meeting of Barclays Bank (Canada), described how Canada has moved up into the fourth position among the world's exporters. Canada, he was able to add, was also "borrowing less and lending more," for there had been last year a drop in United States investments in Canada and also an increase in Canadian investments in the United States. We agree that there

is some substance in the Duke of Buccleuch's doubts of our own position, but, as the Dominion Bank chairmen show, consideration of the Empire as a whole presents a rather different picture. In any case, unlike 1931, our gold reserves are ample to cover any short-term obligations to the world outside the Empire.

The Foreign Exchanges.—The London market has been quieter this week, particularly on Thursday, when New York was closed for Thanksgiving Day. Dollars, if anything, have been bid, and on Thursday the spot rate dropped from \$5.00½ to \$4.99½. French francs were strong until Thursday, when they came on offer, the spot rate rising from Frs. 147.12 to Frs. 147.20, and the three months' rate from Frs. 2½ to Frs. 2½ discount. There was little sign of any official intervention. There has been a demand for guilders, mainly from foreign interests anxious to secure a participation in the Dutch credit to the French railways. On Thursday the spot rate was Fl. 8.98½-9. Belgas also improved on the news of the formation of the new Government. One month's belgas are now quoted at par to a slight discount, with three months' at 5-7 cents discount.

The Money Market.—This week's further reduction in bankers' deposits has helped to make money rather less easy. On Wednesday there was a keen demand for loans, while on Thursday it is believed that two banks were calling. Still the general impression in the market was that there was no shortage of money. Several houses have already begun to borrow into the New Year at rates of ½ and 1 per cent., and are using this money to cover their bonds.

	Nov. 4, 1937	Nov. 11, 1937	Nov. 18, 1937	Nov. 25, 1937
Bank rate.....	2	2	2	2
Clearing banks' deposit rate.....	½	½	½	½
Short loan rate:—				
Clearing banks.....	½-1*	½-1*	½-1*	½-1*
Others.....	½-1	½-1	½-1	½-1

Discount rates:—
Treasury bills..... ½-1
Three months' bank bills..... ½-1
* Loans against Treasury bills and other approved bills and British Government securities within six months of maturity; 1 per cent. Treasury Bonds and other gilt-edged stocks within six months of maturity; and other collateral respectively.

The change in the money market has caused discount rates to stiffen, in anticipation of Christmas and the New Year, a fortnight earlier than usual. Last week's average tender rate for Treasury bills was nearly ½ per cent., and this week there have been sellers of hot Treasury bills at ½, if not ½ per cent., or at a loss compared with the tender rate. Three months' bank bills have also stiffened to ½ per cent.

The Bank Return.—The note circulation is now at its lowest point for November. Next week the Christmas expansion is due to begin.

	Nov. 25, 1936	Nov. 3, 1937	Nov. 10, 1937	Nov. 17, 1937	Nov. 24, 1937
Issue Department:—					
Gold.....	£ mill. 248.7	£ mill. 328.4	£ mill. 328.4	£ mill. 326.4	£ mill. 326.4
Note circulation.....	445.6	485.9	485.6	481.1	480.4
Banking Department:—					
Reserve.....	63.8	42.1	42.4	66.8	67.5
Public deposits.....	12.1	30.3	30.7	33.2	35.4
Bankers' deposits.....	97.6	89.4	90.9	86.7	83.6
Other deposits.....	41.7	36.6	36.1	36.1	36.3
Government securities.....	78.2	103.4	103.9	76.6	76.2
Discounts and advances.....	6.8	7.8	8.4	9.0	8.6
Other securities.....	20.4	20.7	20.7	21.3	20.9
Proportion.....	42.1%	26.9%	26.8%	42.8%	43.4%

In the banking department public deposits remain at an unusually high level, and it looks as if next week's War Loan dividend of £35 millions will be met without much borrowing on Ways and Means, especially as next week's payments for new Treasury bills will be £5 millions in excess of maturities. As a result of the present accumulation of funds in public deposits, bankers' deposits are as low as £83.6 millions.

Investment Notes

Do Prices Discount Too Much?—In the early part of the week, the London stock markets were conjoined with Wall Street in an unprofitable search to find a new bottom in a pit which, apparently, had none. In London, particularly, a discouraging sign was the number of selling orders emanating from the type of small investor who normally tends to retain his stock through bad times and good. By the close of business on Monday, *The Financial News* index, which stood at nearly 125 at the beginning of this year, had fallen to 93. In New York, the Dow Jones industrial index (which was at 194 last March) broke through the "low" of 126 on October 18th and fell below 114. Wall Street has had its own peculiar troubles (as we show on this page), and they have not been little ones. But the London Stock Exchange—whose authorities, unlike their New York colleagues, were charged neither with being unethical nor inefficient—succeeded in staging a minor rally in the middle of the week. The extent of the decline in some leading securities quoted in London, since the halcyon days of the beginning of this year, and the trend of this week's movements, can be seen from an examination of the following table:—

	High, 1934-36	High, 1937	Aug. 11	Oct. 29	Nov. 12	Nov. 19	Nov. 22	Nov. 24	Nov. 25
2½% Consols ...	94½	84½	74½	74½	76½	76	75½	75½	75½
3½% Local Loans ...	98½	88½	85½	86½	88½	88	87½	87½	87½
Associated Cement Co. (1) ...	110/7½	110/3	91/3	90/7½	90/-	87/8	82/8	83/9	83/9
B.A.M. Tobacco (1) ...	136/3	138/6	124/4½	109/4½	107/6	103/9	100/-	105/-	104/4½
British Oxygen (1) (a) ...	135/-	138/9	106/10½	92/6	88/9	80/-x	77/6x	85/-x	86/6x
Courtauld's (1) ...	91/-	58/4½	54/3	50/-	47/6	44/9	43/3	44/3	45/9
Distillers (1) ...	126/3	124/9	111/-	109/-	107/6	101/3	98/9	101/10½	103/8
I.C.I. (1) ...	44/3	41/10½	39/-	36/9	36/6	35/3	33/-	34/8	34/9
Imp. Tobacco (1) ...	185/7½	183/1½	153/9	153/9	153/9	150/-	143/9	148/9	147/8
Marks & Spencer (5s.) (a) ...	127/6	93/-	69/4½	64/4½	61/3	57/6	60/-	61/6	61/6
Vickers (10s.) ...	39/7½	39/3	32/6	27/6	25/6	22/9	22/-	24/4½	24/7½
U.S. Steel \$100 Int. Nickel (no par) ...	\$81½	\$129½	\$118½	\$64½	\$59	\$54½	\$52½	\$51½	\$49½
	\$68	\$75½	\$65½	\$47½	\$44½	\$41½	\$39½	\$38½	\$38½
Anglo-Amer. Corp. (10s.) ...	91/10½	117/6	75/-	59/4½	56/3	49/4½	45/-	48/9	47/8
West Wits. (10s.) ...	£19½	£19½	£9	£7	£7	£6½	£5½	£6½	£6½
Rhokana (1) ...	£13½	£19	£15½	£10½	£10½	£9	£9½	£9½	£9½
"Shell" Transport (1) (a) ...	132/6	146/10½	111/10½	95/-	92/6	91/3	87/6	88/9	88/1½
Hubber 1st (1) ...	45/7½	48/9	39/-	31/-	29/9x	28/-	27/-	27/3	27/8

(a) Comparison affected by bonus issues.

The recession, as these figures suggest, has reached a point which is almost unprecedented at a time when general industrial activity (as will be seen from the survey given in our Monthly Trade Supplement) remains at a spectacularly high level.

The lore of the trade cycle assigns to the Stock Exchange the rôle of a harbinger of industrial disfavours to come. What the present level of security prices seems to be discounting, however, is not the limited business recession hitherto suggested by the look-out men, but a deep depression on the lines of 1931-33. To justify such

a prognostication is most difficult. Indeed, the behaviour of markets prompts the question whether present prices are not the result much more of technical weakness than of rational prevision. The concurrence of depression and continued cheap money is a feature to which the market is unaccustomed. The question, therefore, is being increasingly asked whether the abruptness of the decline in values is not an indication that the rôle of speculation, based on outside financial accommodation, in the preceding boom has been greatly under-estimated. If so, the market for gilt-edged and other sound fixed interest securities may be expected to maintain its firmness; for part of the abundant funds displaced from the equity share market are finding a home there. It is not wholly improbable, indeed, that the authorities, who have recently been testing the appetite of the market for new high-grade issues with increasingly large morsels, may soon deem the moment advisable for giving the investor a full Treasury meal.

Wall Street and the S.E.C.—When the securities and Exchange Commission was first constituted, many observers regarded it as the secular arm for carrying out any burnings required in Wall Street by the Rooseveltian financial theology. With Mr Landis as its chairman, however, the Commission showed a praiseworthy desire for constructive co-operation, as far as possible, with the Stock Exchange. The replacement of Mr Landis by Mr Douglas, however, has coincided with a more radical phase, which has culminated this week in the presentation of a programme which fairly throws down the gage to the authorities in Wall Street. Mr Douglas's platform has five planks: the strict punishment of Stock Exchange members who are guilty of "unethical or illegal activities"; the transfer of management from the present Committee of members to paid outside experts; a reduction in the number of members; the provision of adequate market facilities for dealings in less than 100 shares; and a restriction of floor trading by members and specialists.

Critics of this programme will not be slow to draw attention to the looseness of its terminology. What are "unethical activities"? What is the standard of "adequacy" for odd-lot dealings? Reduced to its lowest terms, the policy announced by Mr Douglas appears to be based on two axioms: first, that speculation is unethical if indulged in by professionals; and, secondly, that government of the Stock Exchange by the Stock Exchange is obnoxious, because it must inevitably be for the Stock Exchange rather than the community as a whole. The Exchange, being "affected with a vital public interest" must be surrounded by "adequate safeguards." Given a different approach, some compromise with the Exchange authorities might have provided for an infusion of "impartial experts," while it left the ultimate power of self-government with the members. And the frontier between legitimate business and anti-social gambling might have been more clearly demarcated, with goodwill on both sides. But a state of open warfare between the Commission and the Stock Exchange will tend to confuse rather than to facilitate sound thinking. Using the phraseology of the Scots on an historic occasion, members of the New York Stock Exchange may declare that they might consider a marriage with the Commission, but they hate the wooing.

Brazil Re-affirms Default.—Last week's statement by the Brazilian Foreign Minister that Brazil's debt service would be maintained until a new agreement was reached proved to have been utterly misleading. The Brazilian Cabinet last Saturday reaffirmed the decision to suspend remittances, and instructed the Minister of Finance to open negotiations for new agree-

ments "in accordance with Brazil's resources." So the market has again been plunged into bitter gloom. It must be confessed, however, that part of its troubles were traceable to the decision to resume dealings last week. That decision, which was by no means unanimous, was taken in the absence of any firm statement of Brazil's intentions, and the market was obviously vulnerable to unsubstantiated reports from which only those with full knowledge of the Brazilian Government's real intentions could have profited. In the House of Commons on Monday, Mr Eden declared that the British Government had already made representations to Brazil and that the new situation was "under serious consideration." To later suggestions that exchange clearing might be set up, Mr Eden replied that he would prefer to await the result of these representations. We bring the default record of Brazilian bonds up to date in the following table:—

Stock	Nov. 10	Nov. 15	Nov. 18	Nov. 22	Nov. 25	Net fall from Nov. 10
4% "Vargas" 1936 ...	95½	85	95	90	89	6½
5% Funding 1898 ...	92½	70	70	60	54	38½
5% Funding 1914 ...	69½x	55	60	50	44	25½
7% Coffee Realisation ...	82½	65	69	60	51	31½
6½% 1927 ...	33½	23	28½	21½	22½	11½
4% 1889 ...	16½	13½	14½	12½	11	5½
5% 1913 ...	21½	13½	17	12½	13½	8

The dates are selected to show pre-default prices, the resumption of dealings, the response to the Foreign Minister's statement and this week's disillusionment. Bondholders must feel that representations from the British Government can hardly be too strong. The Brazilian default has caused greater indignation in the market than any similar episode in recent years.

Chinese Customs in Danger.—A similar confusion of news comes from China. A report from Tientsin a week ago declared that a satisfactory solution of the Customs situation in North China had been reached, under which the integrity of the Customs Administration would be maintained and its normal functions carried out. This superficially cheerful report was received with proper caution. Two days later Japanese forces seized launches and preventive vessels of the Chinese Customs Administration at Shanghai. While it was suggested locally that the seizure might only be temporary, reported Japanese demands for transfer of the sovereign rights of the Chinese Government within the International Settlement suggest that the political and economic interests of foreign nationals in China are not of primary concern to Japan. It is, of course, premature to hazard any guess regarding the future of the Customs collections. War has seriously reduced the sums available—Shanghai's import trade fell 90 per cent. between July and September. Clearly, if China retains no more than, say, 20 per cent. of her normal trade, her best securities will be in jeopardy. The collections forwarded from Tientsin are apparently irregular and insufficient, and Japan's lack of respect for the Customs Administration in the Manchurian ports in 1932 suggests the last thing that bondholders would desire would be that she should control Chinese services generally. Both episodes, Brazilian and Chinese, emphasise that bondholders should read all ostensibly favourable news with jaundiced eye and cynical mind. For, after all, men do not gather figs from thorns or grapes from thistles.

Insurance Share Index.—The *Economist* Insurance Share Index shows a further slight fall during the third quarter from 4,656 to 4,620 (1913 = 1,000). The index stood on December 31, 1936, at 5,111, so that a decline of 9.6 per cent. has been registered in the first nine months of this year. The index is based on the course of an investment of £1,000 in the ordinary shares of each of twenty-four companies, making due allowance for bonus issues. Details of the complete index are set out in the next column.

Company	1933	1934	1935	1936	Mar. 31, 1937	June 30, 1937	Sept. 30, 1937
Alliance	1,979	2,208	2,316	2,525	2,310	2,184	2,226
Atlas	3,182	3,452	3,667	3,968	3,682	3,619	3,619
Caledonian	4,655	4,820	5,032	5,464	5,535	5,284	5,284
Commercial Union	3,918	4,449	4,694	4,870	4,354	4,571	4,354
Employers Liability	2,162	2,355	2,405	2,540	2,477	2,522	2,567
Equity and Law	2,784	3,733	4,370	5,909	6,785	6,428	6,428
General Accident	9,114	10,165	12,099	14,716	15,332	14,332	14,666
Gresham Fire	3,238	4,651	5,166	5,016	4,381	4,381	4,381
Guardian	3,158	3,272	3,487	3,793	3,487	3,436	3,384
Legal and General	7,580	10,668	11,735	13,716	12,678	11,913	11,749
Life Assn. of Scotland	2,669	3,186	3,667	3,932	3,994	3,828	3,638
London and Lancashire	4,408	4,673	5,039	5,676	5,077	4,769	4,692
London Assurance	2,280	2,687	2,996	3,293	3,202	3,153	3,056
North British and Mercantile	4,666	4,984	5,995	6,975	6,497	6,306	6,115
Northern	2,078	2,149	2,364	2,597	2,448	2,388	2,448
Phoenix	1,945	1,970	2,089	2,177	1,996	2,063	2,030
Prudential	2,740	3,195	3,387	3,649	3,357	3,213	3,261
Royal Exchange	3,664	4,204	4,805	5,499	5,114	4,990	5,052
Royal	2,656	2,828	3,129	3,366	3,097	3,054	3,011
Scottish Life	3,174	3,708	4,382	4,761	4,382	4,270	4,101
Scottish Union and National	4,335	4,732	4,996	5,490	5,176	5,028	5,176
Sun Fire	2,889	3,088	3,271	3,316	3,067	3,022	3,022
Sun Life	2,349	2,632	2,972	3,375	3,022	3,274	3,123
Yorkshire	3,212	3,401	3,575	4,091	3,762	3,711	3,504
Average	3,535	4,025	4,497	5,031	4,800	4,656	4,620

Of the twenty-four shares represented, half show decreases during the quarter and five are unchanged. Increases appear in seven instances, but only two series, Employers Liability and Equity and Law, stood higher on September 30th than the 1936 level.

Company Notes

E.D. and R.M. Realisation.—The penultimate stage in the task of salvage for which E.D. and R.M. Realisation were formed nearly three years ago will be considered at meetings on December 14th. First, the holdings of Union-Castle ordinary stock—£1,369,990 for each company—are to be distributed in the proportion of £13 stock for every 10 Realisation shares. Secondly, a cash payment of 5s. per share is also proposed. The Union-Castle distribution will complete the main task of the Realisation companies, for the remaining assets are of such a nature that their realisation may be protracted. In these circumstances, the directors propose to put the companies into voluntary liquidation, but to keep the share registers open. To this proposal, no exception can possibly be taken. Shareholders will also echo the directors' appreciation of the services of Mr John Morison, of Messrs Thomson McLintock and Company, in assisting the expeditious and advantageous realisation of the bulk of the assets. The lesson of the past three years is that a firm seller, who can afford to wait his opportunity on a rising market, will ultimately obtain incomparably better results than a Dutch auctioneer who throws away sound assets at rubbish prices.

Break-up Estimates.—How do the two Realisation companies now stand? R.M., whose shares have recovered to 38s. 6d. this week, is the less difficult case. On July 17th last, we suggested that the residual assets might be worth £675,000. This figure may not be re-estimated. The principal item consists of the holding of 325,000 £1 shares in Anglo-Foreign Properties, which will presumably be marketed as circumstances permit. Making estimates for such items as the Nelson and London Maritime Investment interests, and including £290,000 estimated cash surplus, and, say, £70,000 in respect of the residual £69,990 Union-Castle ordinary stock, we reach a probable total of £650,000. The proposed cash distribution will absorb £250,000, leaving about 8s. per R.M. share. At

The British and Polish Trade Bank A.G., Danzig

Paid-up Capital: D. Gulden 5,000,000. --
Reserve: D. Gulden 3,527,571.57

Chairman: Sir William Grenfell Max-Muller, G.B.E., K.C.M.G.

Vice-Chairman: Józef Kożuchowski

Joint Managers: Stanisław Pawłowicz and Philip Frederick Rann.

Assistant Manager: Aleksander Kowalski.

The Bank was formed to facilitate Exports and Imports from and to Poland, including Danzig.

INQUIRIES SOLICITED

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

the present price of the latter, therefore, the inferential value for 26s. nominal of Union-Castle stock is 25s. 6d., representing 19s. 7½d. per £1 of stock. The E.D. calculation is more conjectural, since the assets will probably take longer to realise. They consist mainly of 130,000 £1 shares in Anglo-Foreign Properties, the share capital of Atlantic Coaling, and a holding in London Maritime Investment. It seems reasonable to reduce our earlier estimate by £50,000 to £400,000, adding £30,000 for the residual £69,990 of Union-Castle stock (£40,000 of this stock is subject to lien) and £300,000 for the estimated cash surplus up to liquidation—a total of £730,000. This figure is reduced by £250,000 by the cash distribution, leaving a net potential sum of £480,000—or, say, 9s. 6d. for each E.D. share. At the present price of 40s., therefore, the latter give an inferential value of 25s. 6d. for 26s. nominal of Union-Castle stock—again representing 19s. 7½d. per £1. It has been suggested that dealings may begin, say, 3s. above this figure, but the shipping share market has recently been in a deflated condition. After the distribution, of course, the speculative interest in R.M. and E.D. shares will largely evaporate. There is no reason to expect a market price appreciably above the probable break-up values indicated above, while the premium of E.D. over R.M. should not obscure the longer period which will probably be required to liquidate E.D.'s residual assets.

Union-Castle Position.—Brief reference may now be appropriately made to the Union-Castle earnings position. Last year's accounts showed a net profit, after charging £65,714 to insurance fund and income tax, of £435,827. The net requirements for normal preference dividends are approximately £120,000. Earnings for the £2,740,000 ordinary stock, on a normal basis, were thus equivalent to rather over 15 per cent. for 1936, and may be safely reckoned as higher this year. On Thursday the board announce the expected payment of two years' 6 per cent. preference dividends to December. Their policy towards ordinary stockholders will probably continue in the cautious tradition. Substantial sums have been advanced for new construction—already totalling nearly £2 millions in last year's balance—and while part may be repaid from normal depreciation quotas, the possibility of heavy repayments in future years has already been suggested in the last directors' report. The company's fleet is certainly in excellent shape, but the rising trend of shipping costs may tend to reinforce the natural conservatism of the board in their ordinary dividend policy. For those who can afford to wait, however, the opportunity to purchase the stock at a small discount via E.D. or R.M. Realisation has some attraction.

Tube Investments Progress.—Stockholders will find difficulty in reconciling the fall in their Tube Investments units from 93s. earlier this year to the present level of 80s. 6d. with the excellent figures published this week. The company's total revenue has increased by 31 per cent. from £639,561 to £836,668; earnings for the ordinary stock are equivalent to 27.8 per cent., against 24.2 per cent.; while the dividend increase from 17½ per cent. to 23½ per cent. was announced several weeks ago.

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The market's answer is a persistent fall in the stock, which now yields no less than £5 18s. per cent. The analysis of profits below scarcely fits this valuation, for Tube Investments is not a high-gear equity like Dorman Long, and its step-brother, Stewarts and Lloyds, yields appreciably less:—

	Years ended October 31.		
	1935	1936	1937
Total revenue	502,784	639,561	836,668
Fees and interest	6,778	13,679	11,578
Preference dividends	44,946	44,220	43,498
Ordinary and liaison shares†—			
Earned	451,060	581,662	781,594
Paid	217,214	421,116	666,043
Earned %	20.8	24.2	27.8
Paid %	10*	17½	23½
Reserve	230,545*	150,000	100,000
Carry forward	107,276†	112,669†	128,220

* Also 10 per cent. capital bonus requiring £280,545 from reserve. † After writing off capital issue expenses: 1935, £2,143; 1936, £5,152. ‡ Liaison ordinary shares rank for dividend as equivalent to £1,000 ordinary stock.

Nor is there any visible ground for dissatisfaction from the broader standpoint of the group's financial position. The subsidiaries' profits have not been fully divided—in this connection a consolidated earnings statement to accompany the group balance sheet would be most useful. The present level of earnings far surpasses any previous figure. And the group's finances are massive; stocks are up from £1,073,294 to £1,436,457, while surplus liquid assets exceed £2½ millions. The directors are reticent in their reference to the year's working. Progress has been made in every branch of the group—that is the extent of their comment. But stockholders know that armament work has not been regarded as a serious source of profits. They have the evidence of the past year's results to disprove any undue fears of rising costs. And from general considerations they might well argue that since the company enjoys a secure and expanding market for its products, its vulnerability to any industrial recession should be less severe than a typical constructional steel undertaking. This factor, coupled with the group's improved technical resources—the consolidated balance sheet shows a rise in property, less depreciation, from £1,152,195 to £1,434,414, and in plant from £1,295,049 to £1,703,117—suggests that the market has already discounted the possibility of an appreciable check to profits.

Wall Paper Manufacturers.—The profits record of this undertaking is not exciting. Wide fluctuations, however, have been avoided, and the latest accounts show a satisfactory increase in earnings. As in the two previous years, earnings are stated after deducting an unstated amount for tax, but they show an increase of £48,451 to £765,963 in disclosed profits of the parent company (or by £34,828 to £775,053 in consolidated profits), and thus compare favourably with the experience of 1935-36. Distribution policy is becoming increasingly conservative, and the deferred dividend, maintained at 12½ per cent., requires about half the available earnings. A rising trend of profits might perhaps be expected of a company which has acquired other businesses from time to time, but this policy has been in large measure defensive. References to the difficulties of competition are renewed in the latest report, and the process of co-ordination in the industry evidently has far to go. The company's problems have been heightened by higher wages and costs of paper, but manufacturing economies have offset their effects. Acquisitions of competing businesses are reflected in the balance sheet, for the consolidated statement shows goodwill, patents, etc., at £1,328,665, or about one-seventh of total assets. The parent company's dividend policy can in part be attributed to the desirability of a gradual reduction of this item. The sum of £100,000 has, in fact, been set aside in each of the past three years. The carry-forward is increased by £34,000, and £65,000

is allocated to a new reserve against depreciation of investments with fixed redemption dates. At the current price of 38s. 1½d., yielding £6 11s. per cent., the deferred shares appear fully valued.

Gold Fields' Jubilee Report.—The results of Consolidated Gold Fields for the year to June last provide an entirely fitting celebration of the company's fiftieth anniversary. This was marked in tangible form by the distribution of a special 12½ per cent. dividend by the parent company, whose profits increased from £691,263 to £1,033,151. The profits of the operating company, New Consolidated Gold Fields, have made a more spectacular advance from £1,272,231 to £2,159,365—a figure which includes dividends, investment profits and other income, less general expenses. For the greater part of the year the Kaffir market was active, and it may be presumed that share dealings contributed appreciably to the better results. In any event, the operating company's profits cover the special dividend with a handsome margin, and reserve receives £500,000 against £300,000. The balance sheet reveals substantial changes in investments, cash and creditors. These may be traced from the financial summary of the two companies below:—

	Years to June 30th		
	1935	1936	1937
<i>New Consolidated Gold Fields</i>			
Investments	6,068,472	5,373,183	7,636,073
Shares in subsidiaries	1,217,668	1,232,491	1,162,426
Properties and ventures	122,966	101,111	65,375
Loans at short call	529,838	347,874	172,476
Debtors	214,826	221,793	359,223
Cash advances, etc.	397,072	496,835	546,921
Cash	561,380	2,091,376	1,179,812
Creditors	1,155,408	1,293,080	2,014,281
<i>Consolidated Gold Fields</i>			
Net profit	662,636	691,263	1,033,151
Preference dividend	143,177	142,783	141,721
Ordinary dividend	516,253	544,740	886,982
Do. per cent.	20	20	32½*
Carried forward	22,745	26,485	30,933

* Includes special jubilee dividend of 12½ per cent.

No Kaffir house gives a greater volume of information regarding its interests than Gold Fields. Discussing the Rand generally, the directors suggest that for most mines the economic maximum crushing capacity has already been reached, a factor which limits further cost adjustments. Other cost items, particularly labour, are tending to increase. Comments on the established dividend-paying interests of the group are generally favourable. Robinson Deep is increasing its milling capacity and the air-cooling plant has markedly improved efficiency. Simmer and Jack was affected last year by fire and accident, but the reorganisation is expected to improve the profit-earning capacity of the mine. Sub Nigel has proved vulnerable to the new taxation ruling, but a major scheme of expansion for Luipaards Vlei is under consideration. Considerable progress is recorded by the development companies, centred round West Witwatersrand, whose "economic possibilities are considerably enhanced" on the western section, while preliminary development work at Venterspost "holds out great promise of important developments." Such are the more important interests, but Rhodesia, America and Australia are also represented in the mining holdings. Gold Fields £1 shares stand at 68s. 1½d. and yield £5 17s. 6d. on the "normal" 20 per cent. dividend. The prospects in the Kaffir market are not entirely clear, but it seems reasonable to value the shares on this basis.

Burma Corporation.—The report of this leading silver-lead-zinc producer reflects little of the dismay which has spread through the metal markets to base metal shares during the past six months. Metal sales and stocks reached a comfortable post-depression record of £3,235,770 during the year to June 30th, while the net profit available for dividends, after substantially increased taxation charges, jumped from £785,459 to

Economic Conditions in Germany

AN ANALYSIS BASED ON ENTIRELY NEW FACTS

The Financial Times will begin publication on Tuesday next of a series of articles on German economic conditions. They have been written by Mr Norman Crump, who recently visited Berlin on behalf of the Financial Times.

His visit had the full approval of the German Government and being in touch with the various Government departments, the Reichsbank and leading bankers and industrialists he gathered much new information.

Many efforts to analyse the situation have been made in the last year or so. All of them have suffered through being insufficiently based on facts. They have had chiefly to rely on official statistics published prior to 1936 and upon private estimates since that date.

With the aid of the figures now disclosed Mr Crump has been able to give a much more balanced review than has been possible hitherto. His conclusions are presented entirely without bias and are based exclusively on the facts which he sets out.

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£1,236,794. The operating figures show that lead provided the principal source of increased profits. Output increased from 70,560 tons to 74,885 tons, and the London price averaged £23 2s. 8d. against £16 4s. 5d. for 1935-36. These changes account for a £600,000 gross increase in profits immediately. Silver averaged 4d. per oz. lower, but output increased, while zinc and copper production also tended to offset the fall. The past year's results are analysed below:—

	Years to June 30,		
	1935	1936	1937
Ore mined '000 tons	445	469	479
Yield refined lead tons	70,560	70,560	74,885
Yield refined silver ozs.	5,778	5,847	6,135
Metal sales and stock	£ 2,030,349	£ 2,430,577	£ 3,235,770
Operating profit	710,592	1,078,253	1,715,337
Total income	757,332	1,116,285	1,749,064
Depreciation	89,373	75,449	54,987
Taxation.....	155,743	255,377	457,283
Earned for shares	512,216	785,459	1,236,794
Paid	476,074	781,720	1,174,318
Earned % } (free of all taxes)	5.0	8.6	13.6
Paid % }	4.69	8.33	12.85
Carried forward	23,105*	46,844	109,320

* After allocating £30,000 to reserve fund.

Prospects for the current year are clearly limited by the substantial setback to metal prices. Lead, which averaged £22 10s. for the September quarter, has fallen this week to £16—a few shillings below the 1935-36 average. The good start shown by the September quarterly report will, therefore, not be maintained, and some reduction of the latest bumper dividend must be expected this year. Meanwhile, operating expenditure is rising. From the longer-term viewpoint, interest attaches to the ore reserve estimates. Last year's extraction was some 50,000 tons in excess of tonnage developed, and reserves decreased from 3,914,182 tons to 3,863,548 tons. This figure is equivalent to eight years' supply, and since the full exploration of the known mineralised zones in all sections of the mine is almost complete, a conclusive estimate of the remaining life of the mine should shortly be available. The Rs. 9 shares have fallen from a high level of 24s. 3d. this year to 12s. 9d. On last year's tax-free distribution of 18½ annas, the shares yield 18.1 per cent. gross—a warning rather than an attraction.

Trepca Mines.—With lead and zinc prices falling fast, the market is in no state to respond to base metal mining company reports, however brilliant their figures may be. The Trepca Mines report is good, though, perhaps, not outstandingly good for a year in which the price of both lead and zinc touched nearly £37 per ton. Net profits have increased by over 50 per cent., from £402,194 to £632,470, but the dividend is raised from 25 per cent. tax free to only 30 per cent. tax free. This conservative policy, which permits the transfer of £125,000, against £30,000, to reserve, and an increase of £60,226 in the carry forward, is not readily explicable from the report. But it may be that the company is relying upon good years to find part of the development expenditure of moderate years, of which 1937-38 is likely to be one. However, the most striking feature of the report lies, not in the year's profit figures, but in a further increase in costs from 16s. 10d. to 19s. 3d. per ton of ore mined. As the company raised 655,463 tons, the increase in costs involved nearly £80,000—equivalent to just over 2 per cent. on the issued capital of £1,118,364. Material charges, which accounted for part of the increase, will no doubt adjust themselves. But it may prove difficult for the company to keep wages in line with metal prices when the latter are moving downwards. It

may be noted that £80,000 represents about 20 per cent. of the net profits for 1935-36, which might be considered "normal." The output figures show the expected fall in the production of zinc and a rise in lead and silver—the normal consequence of the reduced zinc content of the orebody at depth. As the prices of lead and zinc are now about £7 per ton below their average for 1936-37, the yield of 11.3 per cent. gross on the shares at 18s. 9d. is not especially attractive. Probably it does not discount unduly the inevitable fall in profits during the current year.

Other Company Results.—Our usual analysis of profit and loss accounts, appearing on page 452, again includes about 40 reports. The heavy industries, represented, for instance, by *Glass Houghton and Castleford Collieries* and by *Redpath Brown and Company*, show excellent results. Progress in the consumption trades is reflected by a number of brewery reports. The accounts are discussed on page 451 under the heading "Shorter Company Comments."

Company Meetings of the Week.—Reports of company meetings commence on page 438 of this issue. At the *Royal Bank of Scotland* meeting, the Duke of Buccleuch expressed satisfaction that a reduction in investments had been required to meet the customers' demands for advances. Mr S. M. Ward's address to *English, Scottish and Australian Bank* proprietors is discussed on page 425. Mr H. J. Joel, at the *Johannesburg Consolidated Investment* meeting, referred to the maintenance of costs at a moderate level. The chairman declared that present Union taxation scales were unjustifiably severe. Referring to the recent decline in copper, Sir Edmund Davis pointed out to *Rhodesian Anglo-American* shareholders that consumption outside the United States was averaging about 30 per cent. above 1936. At the meeting of *Trust of Insurance Shares* Mr McCurdy commented on the three new unit trusts established during the past year, and stressed the advantages of marketability of the units. Mr Alan V. Sugden declared that the past year was one of good trading for *Wall Paper Manufacturers*, though competition and over-production were still operative. *Ansell's Brewery* shareholders were informed that large stocks of barley were fortunately purchased last season. Owing to the small crop the cost of English barley would be much higher during the coming year. Mr Ernest Walls informed shareholders of *North British Rayon* that last May the viscose rayon prices had been stabilised by mutual understanding in the industry. At the *Elswick-Hopper Cycle and Motor* meeting, Mr Fred Hopper drew attention to the increase in stocks, which provided against rising raw materials costs. Mr. A. W. Rogers pointed out that the volume of oil handled and the profits earned by *Trinidad Leaseholds* were the highest in the company's history. At the meeting of *Malaya General* Mr Thomas A. Graham pleaded for a relaxation of restrictions on new planting. Optimism was the keynote of Mr Barrett's speech at the meeting of *Sumatra Para Rubber Plantations*. The profit for the past year was nearly double that for 1935-36. At the *Gold Coast Selection Trust* meeting Mr H. G. Latilla expressed confidence that the output of Amalgamated Banket Areas would be progressive and would add to the parent company's income. To *Marlu Gold Mining Areas* members he reported that a third treatment plant unit had now come into operation and hoped that a fourth would come into commission before the end of the current year. Events in the Australian wool market were discussed by Sir John Anderson at the *Australian Mercantile Land and Finance Company* meeting. The highest prices last season had been reached last January, when Japan resumed buying. Japanese buying has been limited so far this season, although Japan is under agreement to buy 500,000 bales before June, 1938.

THE WEEK IN THE MARKETS

THE STOCK EXCHANGE

SETTLING DAYS

TICKET: NOVEMBER 30

ACCOUNT: DECEMBER 2

It becomes increasingly difficult to forecast changes in sentiment in the "House." There was no new reason for Monday's collapse, and it is similarly difficult to rationalise the recovery which has since occurred. Wall Street's further fall to new lows doubtless assisted the first rush down the slippery slope, but to judge from Monday's sales, the investor with purely domestic interests was evidently reaching the limit of his patience with the continued fall in values. The turn occurred during Tuesday morning, starting with Kaffirs (then at truly deflated levels) and spreading to industrials, according to report, as a result of institutional investment buying. Dealers however, were no more willing to give away stock than to pay for holding it the previous day. The improved tone was maintained on Wednesday and Thursday, assisted, it would seem, by some professional bear closing.

Monday's gloom overshadowed gilt-edged issues, which were unable to maintain their reputation of remaining indifferent to weakness in industrials. All stocks declined sharply, old Consols falling half a point on the day. The fall continued next day, when losses of over half a point were recorded, and War Loan at one time touched 100½. The afternoon rally was not enough to recover all losses. The tone in mid-week was distinctly better; good support was given to Conversion issues and a sharp rise occurred in 4 per cent. Funding.

Home Corporation scrips followed the Funds. After early neglect they were brighter on Wednesday. Dominion stocks lacked interest and did not share in the mid-week improvement; New Zealand issues were weak on rumours of an internal loan, and Australians on second thoughts regarding the outcome of the Conversion.

After the official confirmation of default, Brazilian bonds sagged, quotations on Monday being purely nominal. The accumulation of disquieting news from Shanghai affecting Customs, hit Chinese bonds, which declined persistently. These two groups are discussed on pages 428 and 429.

Home rails were among the more satisfactory sections of the market. Though affected by Monday's slump, they rallied at the close, and on Tuesday considerable activity was reported. Good traffics produced a marked improvement in mid-week with particular support for preference stocks. Among foreign rails, Argentine stocks were unsatisfactory at first, but shared in the subsequent improvement.

Industrial shares registered a heavy fall on Monday, extending to every section of the market. Then bargain hunters appeared on Tuesday morning, and recovery made further headway on Wednesday and Thursday. The feature of Monday's movements was the heavy fall in the solid investment industrials, such as Courtaulds, Imperial Tobacco, and Imperial Chemical Industries. The more speculative sections fluctuated to extremes. Tube Investments (whose profits are discussed on page 430) showed a fall to 71s. 9d. early on Tuesday, and were up to 78s. at the close of the day. Vickers continued their recent fall to 21s. 6d. before recovering to 24s. 10½d. on Thursday. Steel shares generally continued their rise throughout Thursday, on renewed evidence of small buying orders.

Electrical equipment shares fell unchecked at first, but recovered in conformity with the rest of the market, before the publication of a rather adverse "Beama" index figure. Motor shares participated in the improvement rather later than the rest of the market, for only Standard were quotably better on Tuesday. The initial relapse in brewery and tobacco issues was, in the majority of cases, more than made good in mid-week. Imperial Tobacco, however, which fell no less than 5s. 7½d. on Monday, had not regained all their loss by mid-week, though Distillers did so. In the store share rally, Marks and Spencer and Woolworth led the way, but provision and catering issues continued somewhat uncertain. Sharp falls occurred in the Realisation shares (whose position is discussed on page 429) but as the shipping group improved, they were largely regained. Bargain hunting among the miscellaneous leaders corrected the abnormal levels recorded on Monday, and many shares by mid-week were fractionally higher than their opening levels.

Oil shares followed the general trend. New lows were touched on Monday for many issues, and the entire section was without a bright spot. The Eagles did not hold their gains on the Poza Rica concessions news. The next day there were further falls, some of the leaders at first reaching new lows.

(Continued on page 436)

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LONDON ACTIVE SECURITY PRICES AND YIELDS

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Prices, Year 1937				Last two Dividends				Name of Security	Price, Nov. 17, 1937	Price, Nov. 24, 1937	Rise or Fall	Yield Nov. 24, 1937
Jan. 1 to Nov. 24, inclusive		(a) (b) (c)										
High	Low	High	Low	(a) (b) (c)	(a) (b) (c)	(a) (b) (c)	(a) (b) (c)					
87 1/2	82 1/2	84 1/2	73 1/2	British Funds	76 1/2	75 1/2	- 1	3 6 3	40 1/2	32 1/2	5 (a)	5 (a)
102 1/2	100 1/2	101 1/2	94 1/2	Consols 2 1/2 %	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
105 1/2	103 1/2	104 1/2	97 1/2	Do. 4 % Red. at par	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
106 1/2	104 1/2	105 1/2	98 1/2	Convert. 2 1/2 % 1944-49	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
107 1/2	105 1/2	106 1/2	99 1/2	Do. 3 1/2 % 1948-53	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
108 1/2	106 1/2	107 1/2	100 1/2	Do. 3 1/2 % after 1961	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
109 1/2	107 1/2	108 1/2	101 1/2	Do. 4 1/2 % 1940-44	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
110 1/2	108 1/2	109 1/2	102 1/2	Do. 5 % 1944-48	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
111 1/2	109 1/2	110 1/2	103 1/2	Funding 2 1/2 % 1922-27	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
112 1/2	110 1/2	111 1/2	104 1/2	Funding 3 % 1925-29	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
113 1/2	111 1/2	112 1/2	105 1/2	Funding 3 1/2 % 1929-33	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
114 1/2	112 1/2	113 1/2	106 1/2	Funding 4 % 1930-34	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
115 1/2	113 1/2	114 1/2	107 1/2	Funding 4 1/2 % 1934-38	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
116 1/2	114 1/2	115 1/2	108 1/2	Dom. Debt 2 1/2 % 1944-48	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
117 1/2	115 1/2	116 1/2	109 1/2	Victory Bonds 4 %	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
118 1/2	116 1/2	117 1/2	110 1/2	War L'n 3 1/2 % after 1952	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
119 1/2	117 1/2	118 1/2	111 1/2	Local Loans 3 %	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
120 1/2	118 1/2	119 1/2	112 1/2	Austria 3 % 1933-38	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
121 1/2	119 1/2	120 1/2	113 1/2	India 2 1/2 %	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
122 1/2	120 1/2	121 1/2	114 1/2	Do. 3 1/2 %	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
123 1/2	121 1/2	122 1/2	115 1/2	Do. 4 1/2 % 1958-68	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
124 1/2	122 1/2	123 1/2	116 1/2	U.K. & Arg. 4 1/2 % (1947)	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
125 1/2	123 1/2	124 1/2	117 1/2	Dom. & Col. Govts.	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
126 1/2	124 1/2	125 1/2	118 1/2	Australia 5 % 1945-75	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
127 1/2	125 1/2	126 1/2	119 1/2	Canada 4 1/2 % 1940-60	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
128 1/2	126 1/2	127 1/2	120 1/2	Gold Coast 4 1/2 % 1940-60	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
129 1/2	127 1/2	128 1/2	121 1/2	Nigeria 5 % 1940-60	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
130 1/2	128 1/2	129 1/2	122 1/2	N. Zealand 5 % 1946	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
131 1/2	129 1/2	130 1/2	123 1/2	Queensland 5 % 1940-60	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
132 1/2	130 1/2	131 1/2	124 1/2	S. Africa 5 % 1945-75	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
133 1/2	131 1/2	132 1/2	125 1/2	Foreign Governments	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
134 1/2	132 1/2	133 1/2	126 1/2	Argentina 4 1/2 % Stg. Bds	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
135 1/2	133 1/2	134 1/2	127 1/2	Austria 7 % 1937	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
136 1/2	134 1/2	135 1/2	128 1/2	Do. 4 1/2 % 1934-39	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
137 1/2	135 1/2	136 1/2	129 1/2	B. Aires (Prov.) 3 1/2 %	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
138 1/2	136 1/2	137 1/2	130 1/2	Belgian 4 % Red. by 1970	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
139 1/2	137 1/2	138 1/2	131 1/2	Bulgaria 7 % Loan	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
140 1/2	138 1/2	139 1/2	132 1/2	Chile 6 % (1929)	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
141 1/2	139 1/2	140 1/2	133 1/2	China 5 % (1912)	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
142 1/2	140 1/2	141 1/2	134 1/2	Do. 5 % (1913)	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
143 1/2	141 1/2	142 1/2	135 1/2	Czechoslovakia 8 %	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
144 1/2	142 1/2	143 1/2	136 1/2	Danish 8 % (1902)	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
145 1/2	143 1/2	144 1/2	137 1/2	Egypt 7 1/2 % (1902)	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
146 1/2	144 1/2	145 1/2	138 1/2	French 4 1/2 % (1902)	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
147 1/2	145 1/2	146 1/2	139 1/2	German 7 % (1902)	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
148 1/2	146 1/2	147 1/2	140 1/2	Do. 5 1/2 % (Young Ln.)	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
149 1/2	147 1/2	148 1/2	141 1/2	Greek 8 % (1902)	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
150 1/2	148 1/2	149 1/2	142 1/2	Hungary 7 1/2 %	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
151 1/2	149 1/2	150 1/2	143 1/2	Japanese 5 1/2 % 1934-38	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
152 1/2	150 1/2	151 1/2	144 1/2	Do. 6 % (1934-38)	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
153 1/2	151 1/2	152 1/2	145 1/2	Norwegian 4 1/2 % 1911	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
154 1/2	152 1/2	153 1/2	146 1/2	Poland 7 1/2 % 1922	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
155 1/2	153 1/2	154 1/2	147 1/2	Romania 7 %	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
156 1/2	154 1/2	155 1/2	148 1/2	Roumania 4 1/2 % Con. 1922	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
157 1/2	155 1/2	156 1/2	149 1/2	U.K. & Argentine 1933	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
158 1/2	156 1/2	157 1/2	150 1/2	Do. B. Certs. (1931)	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
159 1/2	157 1/2	158 1/2	151 1/2	Do. C. Certs. (1931)	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
160 1/2	158 1/2	159 1/2	152 1/2	Corporation Stocks	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
161 1/2	159 1/2	160 1/2	153 1/2	Berlin 6 % 1932-37	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
162 1/2	160 1/2	161 1/2	154 1/2	B'ingham 5 % 1946-56	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
163 1/2	161 1/2	162 1/2	155 1/2	Bristol 5 % 1948-58	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
164 1/2	162 1/2	163 1/2	156 1/2	Danzig 7 % (1950)	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
165 1/2	163 1/2	164 1/2	157 1/2	L.L.C. 3 %	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
166 1/2	164 1/2	165 1/2	158 1/2	Seine (Dpt) 4 1/2 % 1952	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
167 1/2	165 1/2	166 1/2	159 1/2	Public Bonds	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
168 1/2	166 1/2	167 1/2	160 1/2	Central Ric. 5 % 1950-70	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
169 1/2	167 1/2	168 1/2	161 1/2	LONDON PASSENGER	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
170 1/2	168 1/2	169 1/2	162 1/2	TRANSPORT BOARD	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
171 1/2	169 1/2	170 1/2	163 1/2	4 1/2 % "A" 1955-2025	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
172 1/2	170 1/2	171 1/2	164 1/2	4 1/2 % "B" 1955-2025	101 1/2	100 1/2	- 1	3 6 6	80 1/2	71 1/2	5 (a)	5 (a)
173 1												

(Continued from page 433)

Prices then attracted buyers, and the tone improved. Recovery continued in mid-week, with good demand for Burmah Oil and for Anglo-Iranian, but Paris selling held back Shell and Royal Dutch.

Rubber shares on Monday were affected by a steady trickle of nervous sales which, as usual, depressed prices disproportionately. The next day's rally was half-hearted, and over the whole session prices ended lower. But there was marked mid-week improvement, due mainly to professional buying. The public, however, are apparently holding off till the 1938 quota is known. In tea shares, signs of forced selling decreased as the week progressed.

Mining shares recovered on Tuesday in response to the market's complete reversal of sentiment. Kaffirs shared in the general improvement, Gold Fields attracting attention following the excellent showing made by the annual report. Prices were marked up throughout the list on Wednesday, though there was no very appreciable volume of buying. West Africans joined in the general movement. Rhodesians did not recover till Tuesday afternoon, despite the encouraging remarks of Sir Edmund Davis at the "Rhoango" meeting. On Wednesday demand was steadier and prices made headway. Tin shares were quiet, but prices improved.

"FINANCIAL NEWS" MARKET INDICATORS

	Nov. 18	Nov. 19	Nov. 22	Nov. 23	Nov. 24	Nov. 25
Approximate total of bargains recorded in S.E. List	8,400	7,770	9,480	9,890	9,605	8,865
Corresponding day 1936	11,999	11,361	12,420	10,848	11,784	9,594
SECURITY MOVEMENTS						
Index of 30 Ordinary Shares (July 1, 1928=100)	97.2	96.1	93.1	93.7	95.8	97.4
Index of 30 Fixed Interest Securities (1928=100)	129.3	129.2	129.0	128.7	128.9	129.0

Highest 1936: Ordinary Shares 124.9 (Nov. 18); Fixed Interest 138.8 (Feb. 10).
Lowest 1936: Ordinary Shares 107.4 (Jan. 2); Fixed Interest 136.2 (Sept. 23).
Highest 1937: Ordinary Shares 124.8 (Jan. 4); Fixed Interest 136.6 (Jan. 4).
Lowest 1937: Ordinary Shares 93.1 (Nov. 22); Fixed Interest 128.0 (Sept. 8).

ACTUARIES' INVESTMENT INDEX

The Actuaries' Index of 177 industrial equity prices stood at 70.7 last Tuesday—a big drop from 74.9 a week ago. A month ago it was 77.5. The corresponding yields are 5.19, 4.87 and 4.69 per cent. All the separate indices showed a decline on a week ago. The following is a selection of those whose movement was greatest.

Group (and Number of Securities)	Price (Dec. 31, 1928 = 100)			Yield (%)		
	Month ago (Oct. 26, 1937)	Week ago (Nov. 16, 1937)	This week (Nov. 23, 1937)	Month ago (Oct. 26, 1937)	Week ago (Nov. 16, 1937)	This week (Nov. 23, 1937)
Building materials (5)	87.0	88.8	82.8	6.21	6.08	6.49
Coal (7)	114.1	105.8	98.4	4.30	4.80	4.93
Iron and steel (12)	71.6	63.8	59.6	5.46	6.17	6.84
Motors (5)	45.2	40.3	36.0	5.41	6.13	6.85
Oil (5)	85.4	79.7	71.8	7.70	8.51	9.55
Electric supplies (10)	136.7	135.1	125.4	4.61	4.67	4.99
Home rails (4)	72.6	70.8	63.8	3.01	3.05	3.37

NEW YORK STOCK EXCHANGE

AFTER a bad collapse on Friday of last week, Wall Street recovered slightly on Saturday. But the current week opened with a calamitous break on Monday, with prices depressed principally by lower steel mill activity. The market has been discouraged by the absence of the expected friendliness from Washington, and in its despondent mood was subjected to

further attack by Mr W. O. Douglas, Chairman of the S.E.C., who threatens the exchanges with fuller regulation by the Commission, unless they reorganise themselves in the public interest. The chairman's proposals are discussed on page 428. Tuesday saw a modest revival, and stocks improved on the day after new "lows" had been touched earlier. On Wednesday, the eve of the Thanksgiving holiday, prices drifted lower, with the Dow Jones industrial index closing at 113.64, compared with the spring "high" of 194.4. Iron Age estimates steel mill activity for the current week at 33 per cent. of capacity, against 35 per cent. last week, with signs of some improvement. Utilities have been slightly better than the general run of issues, in the hope that something may emerge from the President's conference with Utility leaders, although these hopes are not rated very highly. The bond market has been weak, with the exception of government issues supported by Federal Reserve buying.

	Nov. 17, 1937 (Close)	Nov. 23, 1937 (Close)	Nov. 24, 1937 (Close)		Nov. 17, 1937 (Close)	Nov. 23, 1937 (Close)	Nov. 24, 1937 (Close)
1. Rails & Transport				4. Manufacturing			
Atchafalpa	38 1/2	35 1/2	34 1/2	Briggs	25	20	19
Balt. and Ohio	12 1/2	10 1/2	10 1/2	Chrysler	6 1/2	5 1/2	5 1/2
B.M.T.	12 1/2	10 1/2	10 1/2	Electric Auto	2 1/2	1 1/2	1 1/2
Can. Pacific	7 1/2	7 1/2	7 1/2	General Motors	36 1/2	32 1/2	31 1/2
Ches. and Ohio	39 1/2	36 1/2	35 1/2	Hudson Motor Car	7 1/2	7 1/2	7 1/2
Gen. Rly. Pk.	27 1/2	24 1/2	23 1/2	Murray Corp.	6 1/2	5 1/2	5 1/2
Ill. Central	12 1/2	10 1/2	10 1/2	Nash-Kelvinator	11 1/2	10 1/2	10 1/2
N.Y. Central	19 1/2	17 1/2	16 1/2	Packard Motor Car	5 1/2	4 1/2	4 1/2
Nor. Pac.	12 1/2	11 1/2	10 1/2	Bendix Aviation	14 1/2	12 1/2	12 1/2
Pennsylvania R.R.	24 1/2	20 1/2	20 1/2	Boeing Airplane	23 1/2	22 1/2	22 1/2
Southern Pac.	20 1/2	17 1/2	17 1/2	Douglas Aircraft	34 1/2	31 1/2	31 1/2
Southern Rly.	13 1/2	11 1/2	11 1/2	United Aircraft	18 1/2	17 1/2	17 1/2
Union Pac.	58 1/2	50 1/2	48 1/2	Air Reduction	5 1/2	4 1/2	4 1/2
Greyhound Cp. New	10 1/2	9 1/2	9 1/2	Allied Chem.	15 1/2	14 1/2	14 1/2
2. Utilities and Communications				Col. Carbon	80	65	65
Am. Waterworks	15 1/2	13 1/2	12 1/2	Comm. Solvex	9 1/2	8 1/2	8 1/2
Columbia & S.thern	2 1/2	2 1/2	2 1/2	Dupont	117	101 1/2	101 1/2
Cons. Gas. of N.Y.	26	24 1/2	24 1/2	Union Carbide	70 1/2	65 1/2	65 1/2
Cons. Gas. of N.Y.	11 1/2	11 1/2	11 1/2	U.S. Ind. Alcoh.	21 1/2	18 1/2	18 1/2
Col. Gas. & Electric	10 1/2	9 1/2	9 1/2	Allis Chalmers	46 1/2	40 1/2	40 1/2
Elec. Bond & Share	11 1/2	10 1/2	10 1/2	General Electric	40 1/2	38 1/2	37 1/2
Nat. Pwr. and Lt.	8 1/2	8 1/2	8 1/2	Westinghouse	89 1/2	82 1/2	81 1/2
North American	23 1/2	22 1/2	20 1/2	American Can.	24 1/2	21 1/2	21 1/2
Pac. Gas. & Electric	29 1/2	25 1/2	25 1/2	Caterpillar	48 1/2	42 1/2	40 1/2
Pac. Gas. & Electric	38 1/2	37 1/2	37 1/2	Cont. Can.	45 1/2	41 1/2	40 1/2
Pac. Gas. & Electric	38 1/2	37 1/2	37 1/2	Ingersoll Rand	81 1/2	78 1/2	77 1/2
Stan. Gas. & Elec.	3 1/2	3 1/2	3 1/2	Intnl. Harvester	65 1/2	56 1/2	56 1/2
United Corp.	11 1/2	11 1/2	11 1/2	Johns-Manville	81 1/2	69 1/2	68 1/2
United Gas Imp.	11 1/2	11 1/2	11 1/2	Am. Radiator	13 1/2	12 1/2	12 1/2
Am. Tel. & Tel.	149 1/2	143 1/2	141 1/2	Corn Products	89 1/2	84 1/2	84 1/2
Int. Tel. and Tel.	7 1/2	7 1/2	7 1/2	U.S. Case and Co.	98 1/2	84 1/2	84 1/2
Western Union	29 1/2	26 1/2	27 1/2	U.S. Case and Co.	98 1/2	84 1/2	84 1/2
Radio	7 1/2	6 1/2	6 1/2	U.S. Case and Co.	98 1/2	84 1/2	84 1/2
Radio B. Pref. New	54 1/2	49 1/2	49 1/2	U.S. Case and Co.	98 1/2	84 1/2	84 1/2
3. Extractive and Metal Industries				U.S. Case and Co.	98 1/2	84 1/2	84 1/2
Am. Rolling Mills	23 1/2	21 1/2	20 1/2	U.S. Case and Co.	98 1/2	84 1/2	84 1/2
Beth. Steel Ind.	82 1/2	44 1/2	44 1/2	U.S. Case and Co.	98 1/2	84 1/2	84 1/2
Beth. Steel Ind. x2	96 1/2	47 1/2	47 1/2	U.S. Case and Co.	98 1/2	84 1/2	84 1/2
Republic Steel	18 1/2	16 1/2	15 1/2	U.S. Case and Co.	98 1/2	84 1/2	84 1/2
U.S. Steel	50 1/2	51 1/2	49 1/2	U.S. Case and Co.	98 1/2	84 1/2	84 1/2
U.S. Steel Pref.	109 1/2	103 1/2	103 1/2	U.S. Case and Co.	98 1/2	84 1/2	84 1/2
Alaska Juneau	12 1/2	10 1/2	10 1/2	U.S. Case and Co.	98 1/2	84 1/2	84 1/2
American Metal Ind.	29 1/2	27 1/2	25 1/2	U.S. Case and Co.	98 1/2	84 1/2	84 1/2
American Smelting	49 1/2	43 1/2	43 1/2	U.S. Case and Co.	98 1/2	84 1/2	84 1/2
Anacosta	30 1/2	26 1/2	25 1/2	U.S. Case and Co.	98 1/2	84 1/2	84 1/2
Bolan Aluminum	28 1/2	25 1/2	25 1/2	U.S. Case and Co.	98 1/2	84 1/2	84 1/2
Cerro de Pasco	41 1/2	36 1/2	35 1/2	U.S. Case and Co.	98 1/2	84 1/2	84 1/2
Int. Nickel	43 1/2	38 1/2	38 1/2	U.S. Case and Co.	98 1/2	84 1/2	84 1/2
Kennecott	34 1/2	30 1/2	30 1/2	U.S. Case and Co.	98 1/2	84 1/2	84 1/2
Pathe Mines	11 1/2	10 1/2	10 1/2	U.S. Case and Co.	98 1/2	84 1/2	84 1/2
Texas Gulf Sulph.	31 1/2	29 1/2	28 1/2	U.S. Case and Co.	98 1/2	84 1/2	84 1/2
U.S. Smelt	62 1/2	53 1/2	52 1/2	U.S. Case and Co.	98 1/2	84 1/2	84 1/2
Vanadium Corp.	18 1/2	14 1/2	14 1/2	U.S. Case and Co.	98 1/2	84 1/2	84 1/2
Atlantic Refining	22 1/2	20 1/2	19 1/2	U.S. Case and Co.	98 1/2	84 1/2	84 1/2
Phillips Petroleum	42 1/2	38 1/2	37 1/2	U.S. Case and Co.	98 1/2	84 1/2	84 1/2
Shell Union	17 1/2	15 1/2	15 1/2	U.S. Case and Co.	98 1/2	84 1/2	84 1/2
Shell Union Pref.	97 1/2	97 1/2	92 1/2	U.S. Case and Co.	98 1/2	84 1/2	84 1/2
Socony Vacuum	15 1/2	14 1/2	13 1/2	U.S. Case and Co.	98 1/2	84 1/2	84 1/2
Stand. Oil Calif.	30 1/2	30 1/2	29 1/2	U.S. Case and Co.	98 1/2	84 1/2	84 1/2
Stand. Oil N.J.	48 1/2	43 1/2	42 1/2	U.S. Case and Co.	98 1/2	84 1/2	84 1/2
Texas Corp.	40 1/2	38 1/2	35 1/2	U.S. Case and Co.	98 1/2	84 1/2	84 1/2

Owing to the closing of the New York Exchange for Thanksgiving Day, we are unable to publish the usual Standard Statistics index figures. Last week's figures are repeated below for reference (1926=100):—

	1936		1937		Beginning of Year 1937	Nov. 3, 1937	Nov. 10, 1937	Nov. 17, 1937
	Lowest	Highest	Lowest	Highest				
447 Industrials	112.7	145.9	67.1(u)	155.7	148.3	90.4	101.8	97.1
32 Rails	42.8	80.2(b)	31.5	64.5(f)	54.6	31.5	33.4	33.4
40 Utilities	91.2	111.0(e)	78.3	116.4(f)	111.7	78.3	82.7	80.9
Total, 419 Stocks	97.7	128.4	84.9	132.4	128.5	84.9	87.8	88.9
Average yield*	4.60% High (c)	2.66% Low (a)	8.4% High	3.20% Low (d)	5.88% High	8.20% Low (d)	6.28% Low (d)	7.34% Low (d)

* 50 Industrial Common Stocks (a) April 8th. (b) October 14th. (c) December 2nd. (d) November 17th. (e) March 17th. (f) February 10th. (g) January 12th.

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

	Highest	Lowest	Nov. 10	Nov. 11	Nov. 12	Nov. 13	Nov. 15	Nov. 16	Nov. 17
	120.3	104.8	118.3	Closed(v)	114.6	114.8	110.8	110.2	106.4

* March 6th. † October 18th. (v) Armistice Day.

TOTAL DEALINGS IN NEW YORK

	Nov. 18	Nov. 19	Nov. 20*	Nov. 22	Nov. 23	Nov. 24
Stock Exchange—						
Shares (No. Thous.)	900	1,890	1,230	1,520	1,640	990
Bonds (Thous. \$) ...	8,350	10,440	5,350	7,870	8,860	7,880
Corb—						
Shares (Thous.) ...	173	340	206	276	290	209

* Two-hour session.

CAPITAL ISSUES

THE new issue market has not reproduced last week's activity. Only one public issue has appeared—an offer of £300,000 5 per cent. second mortgage debenture stock of *Earls Court, Ltd.*, at 96½ per cent. The creation of this stock, to provide for increased building costs, entailed the modification of rights of the existing third debenture stockholders. On the original profits estimate—a complete year's trading results are not yet available—the offer shows that the stock would be covered nine times. This calculation by "prior deduction" would be reduced to about three times if the "cumulative requirements" method was employed and to 2½ times when sinking fund operations commence. The high rate offered by the debentures is justified by the absence of an earnings record and by the speculative element in the company's business, but the prospect of substantial sinking fund obligations in 1943 and final repayment in 1957 lend some speculative interest to the stock. A statement for information has been published on behalf of *Malayan Para Rubber*.

TOTALS OF CAPITAL ISSUES DURING WEEK

Net Sales of National Savings Certificates, Week ended November 20, 1937, Nil.

	Nominal Capital	Conversions	New Money
To the Public	300,000	...	289,500
To Shareholders only	252,500	...	1,255,000
By Stock Exchange Introduction	Nil	...	Nil
By Permission to Deal	158,337	...	181,580
Total Capital Raised—			
	Including Conversions	Excluding Conversions	
1937 (New Basis)	500,492,219	438,918,191	Whole Year (New Basis) £ 640,017,245
1937 (Old Basis)	294,014,042	235,552,393	1936 640,017,245
1936 (New Basis)	523,262,005	382,621,683	1935 698,313,125
1936 (Old Basis)	371,236,671	232,474,790	1934 410,980,300
January 1 to date (Old Basis)—	276,696,570	140,852,202	1933 467,921,500
1935	369,429,574	158,613,116	1932 683,000,056
1934	369,429,574	158,613,116	1931 683,000,056
1933	369,429,574	158,613,116	1930 683,000,056

Destination of Capital (Excluding Conversions)

	United Kingdom	British Empire (excluding United Kingdom)	Foreign Countries	Total
January 1 to date—				
1937 (New Basis)	376,018,842	60,640,990	2,258,359	438,918,191
1937 (Old Basis)	215,673,371	18,386,522	1,492,500	235,552,393

Nature of Borrowing (Excluding Conversions)

	Debentures	Preference	Ordinary	Total
	£	£	£	£
January 1 to date—				
1937 (New Basis)	218,486,422	29,955,128	190,476,641	438,918,191
1937 (Old Basis)	158,609,824	18,955,819	58,086,750	235,552,393
1936 (New Basis)	168,857,263	18,144,731	175,619,689	362,621,683
1936 (Old Basis)	146,060,896	21,957,647	64,456,447	232,474,790
Whole Year (Old Basis)				
1928	212,917,900	45,062,600	111,177,600	369,158,100
1929	222,064,300	12,733,700	9,982,500	244,780,500
1930	102,769,300	21,461,000	44,878,400	160,108,700
1931	167,185,509	31,696,741	37,265,387	236,147,637
1932	160,521,116	24,423,647	70,626,230	255,570,993
Whole Year (New Basis)—				
1935	193,599,713	48,806,822	115,118,905	357,525,440
1936	184,255,833	41,580,731	268,303,201	494,139,765

COMPANY MEETINGS

ROYAL BANK OF SCOTLAND

ANNUAL GENERAL COURT OF PROPRIETORS

SATISFACTORY YEAR'S RESULTS

PROFITS MAINTAINED

DUKE OF BUCCLEUCH'S REVIEW

The annual general court of proprietors of The Royal Bank of Scotland was held, on the 24th instant, at Edinburgh, His Grace The Duke of Buccleuch, G.C.V.O., Governor of the Bank, presiding.

His Grace said:—I presume it will be your pleasure that the annual report and balance sheet, with the auditors' report, which have been in your hands for some days, shall be taken as read.

Before coming to the ordinary business of this meeting, I should like to refer with deep regret to the loss which the bank sustained on July 19th last in the death of Sir Arthur Worley, Bt., C.B.E., who had been an extraordinary director since 1925. Sir Arthur took a keen interest in the affairs of the bank, and on many occasions we had the benefit of his wide experience and shrewd judgment which he willingly placed at our disposal.

To fill the vacancy caused by the death of Sir Arthur Worley the directors elected Sir Walrond Arthur Frank Sinclair, K.B.E., as an extraordinary director. Sir Walrond is well known in industrial circles in the South. He is a director of our associate bank, Williams Deacon's Bank, Limited, and it is a matter of gratification to us that he was able to accept our invitation.

I now come to the figures of our balance sheet, from which it will be seen that the steady growth in the business of the bank has been well maintained during the year under review.

DEPOSITS

Our deposits again show an increase of £2,800,000—which is equal to the increase shown in our last year's report—bringing the total up to £69,674,161.

Notes in circulation at £3,021,131 are £91,000 higher than last year. The further increase under this heading reflects the improvement in trade and employment.

Acceptances and endorsements of foreign bills and other obligations at £4,226,203 show an increase of approximately £700,000, the increase reflecting in some measure our larger imports and the rise in commodity prices and shipping freights.

LIQUID RESOURCES AND INVESTMENTS

The assets side of the balance sheet provides ample evidence that the highly liquid position of the bank has been maintained. Cash on hand and with the Bank of England and other London bankers, and money at call and short notice, etc., amount to £15,697,758—representing over 21 per cent. of our liabilities to our depositors and to the public in respect of our note issue.

Bills discounted at £3,883,250 show a reduction, compared with last year's figures, of £231,000. As you are aware, we include under this heading our holdings of British Government Treasury bills amounting to £1,545,000—which is £490,000 less than we showed last year. It will, however, be seen that we were holding in our bill portfolio at our balance date £258,000 more of commercial bills than we held a year ago.

Our investments in British Government, Indian and Colonial Government securities and other securities have declined by approximately £1,200,000. I am sure you will agree with me when I say it is a matter for satisfaction that in a year when our deposits have shown a substantial increase, we have had to reduce our investments to meet the requests from our customers for advances to assist them in their trading requirements. I would here mention that a large proportion of our British Government securities is in short- and medium-dated stocks, and that all our investments are valued at or under the market prices ruling on the date of our balance.

ADVANCES

When I addressed you from this chair a year ago I referred to the increase of £625,000 in our advances. I also stated that indications were not wanting that the internal industrial revival and the rise in commodity prices were influencing requests from

our customers for bank accommodation, and I am now pleased to report this year a further expansion of almost £4,000,000 in this important side of our operations.

The increase is well spread throughout the bank, but I should also add that it includes a substantial amount of very temporary accommodation granted for the payment of estate duties.

PROFITS

The profits for the year—at £636,419—are £4,383 more than a year ago.

Following our usual practice, all bad and doubtful debts have been fully provided for.

APPROPRIATIONS

The directors recommend that a dividend for the half-year, payable at Christmas, at the same rate as formerly—17 per cent. per annum—be declared, and that the same appropriation as last year, viz. £30,000, be made to pension reserve fund, and that the appropriation to bank buildings and heritable property be increased from £25,000 to £30,000. We have considered it advisable to increase the allocation to our pensions account having regard to the higher costs of reconstruction and repairs.

After these appropriations there remains the sum of £94,445—which it is proposed to carry to rest or reserve, which now stands at £4,038,616.

BUSINESS OF THE BANK

It will be seen from the figures I have submitted that the bank continues to progress, and I am glad to say that our associate—Williams Deacon's Bank, Limited—is sharing in the English industrial prosperity.

SCOTTISH INDUSTRY

It is pleasing to be able to report good progress in Scottish industry generally.

Coal, which depends so much on its exports, experienced good conditions with better prices during the first six months of this year, but during the past two months less activity has prevailed in the export branch of the industry. Fortunately, the home market continues good, largely due to the busy conditions in the heavy industries.

The iron and steel industry is very busy, and in the steel trade the demand exceeds the output. Furnaces are working at high pressure, and should continue to do so for some time to come in order to cope with the many orders on hand.

While prospects in the light castings branch of the industry still continue bright, a slight falling-off during the past few weeks has been noticeable.

Manufacturing engineers have benefited from Government orders, and contracts on hand are sufficient to keep works at full capacity for some months yet.

Shipbuilders have experienced a busy year, and output is likely to be the highest for the past six years. For a time in the earlier part of the year work was slowed down owing to the difficulty in obtaining delivery of steel, but that difficulty has now disappeared. The yards that are fortunate in having Government contracts are working at high pressure, but it is, perhaps, disappointing that latterly few orders are being received for new merchant tonnage. New Admiralty orders are, however, expected, and with a considerable amount of work in hand the outlook on the whole in the shipbuilding industry can be described as promising.

In agriculture, the improvement reported last year has been maintained. This is largely due to higher prices for which the steadying influence of marketing schemes and other forms of assistance affecting certain commodities is partly responsible.

The fishing industry has gone from bad to worse, and it is to be hoped that steps will quickly be taken to alleviate the parlous condition into which this industry has fallen.

IMPORTS AND EXPORTS

It is with regard to our foreign trade situation that I feel there is cause for apprehension. Our imports are increasing at a much faster rate than our exports. For the first ten months of this year our total imports were £838,000,000—while exports, including re-exports, were £498,000,000—an adverse balance of £340,000,000—which is £64,000,000 more than in the corresponding period of last year. Therefore, on the basis of the last ten months, the excess of imports is running at an annual rate of £408,000,000—and, comparing it with other years in which a heavy adverse balance has caused us anxiety, we find that in 1931 conditions were similar in so far that the financial effect of an unbalanced trade position was veiled by the foreign money which had been transferred to this country for safety. In that year the excess of imports was under £407,000,000—or just a little less than the figure to which the adverse balance threatens to attain in the current year.

The redressing of the adverse balance was one of the tasks to which the National Government directed its energies in 1931, and a notable improvement was brought about within the next few years despite trade depression, so that the nation with the help of its invisible exports was again living within its means.

But to-day, making every allowance for the growth in invisible exports through better shipping freights and better returns from overseas investments, it seems inevitable that this year will close with a deficit in our balance of overseas payments. That is not a happy prospect, and yet there seems to be a singular complacency regarding it.

Too great a degree of activity in internal trade in default of a commensurate expansion of exports would be a dangerous development, but every assistance should be given to our manufacturers and exporters in their efforts to stimulate our export trade, although it seems unlikely that exports under present conditions can rise sufficiently.

The expansion in imports began with the improvement in internal conditions, and when the necessary heavy demand for raw materials, arising from the re-armament programme, is added, the position, I feel, calls for caution. The nation cannot be told too plainly that security against aggression necessitates sacrifices and that such sacrifices can be advantageously made by saving instead of spending money. The resultant contraction of personal expenditure would reduce unnecessary imports and contribute to the restoration of a favourable balance in the national economy as regards overseas payments.

THANKS TO OFFICIALS AND STAFF

I desire once again to express to Mr Whyte, the general manager, the directors' appreciation of his unfailing energy and skill which have contributed so largely to another successful year's working.

The sincere thanks of the directors are also due to the assistant general manager, and to the officials and staff of the bank at the head office, London, Glasgow and Dundee offices, and the branches, for the ungrudging and loyal services they have rendered throughout the past year.

APPROVAL OF ACCOUNTS—DIVIDEND

I now beg to propose that the report, containing a statement of the accounts and balance sheet, be approved, and that out of the profits of the year a dividend at the rate of 17 per cent. per annum for the half-year, under deduction of tax, be declared in conformity therewith.

The report was approved, and the governor, deputy-governor, extraordinary directors, and the retiring ordinary director were re-elected and auditors were re-appointed for the ensuing year.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to:—

The Reporting Manager,

THE ECONOMIST,

8 Bouverie Street,

Fleet Street,

London, E.C.4.

Telephone: Central 8631

ELSWICK-HOPPER CYCLE AND MOTOR COMPANY, LIMITED

DIVIDEND MAINTAINED AT 15 PER CENT.

The twenty-fourth annual general meeting of the Elswick-Hopper Cycle and Motor Company, Limited, was held, on the 22nd instant, at Barton-on-Humber.

Mr Fred Hopper (the chairman) said:—Our floating assets, including the amount due from the subsidiary company, are £189,545, and our creditors, including reserve for income tax, amount to £52,521, showing a surplus of £137,024, or approximately equal to our total issued share capital. Our fixed assets stand at £73,647.

We have made the same allowance for depreciation as last year, which, in our opinion, is ample.

Our subsidiary, I am glad to say, has made a profit which has been carried forward in that company's accounts, after a substantial reservation has been provided for contingencies.

We are again transferring the sum of £5,000 from the profit and loss account to the reserve fund, making it £45,000.

We are recommending a dividend of 15 per cent., which will absorb £15,938 17s., and after the allocation to general reserve of £5,000, just referred to, there remains the sum of £9,377 13s. 1d. to be carried forward.

We drew attention in our report to the increase in our stock from £41,631 15s. 5d. to £57,521 9s. 2d. owing to the necessity of providing against the rising cost of raw materials and the possible difficulty of obtaining future supplies, but since the close of our financial year this position has improved, and we do not anticipate any acute shortage in the near future.

We have made satisfactory progress for the first three months of the current year, and the prospects for the future indicate that the company's activities will be fully maintained.

Once again, I would like to thank the staff and the employees for their loyal service.

The report and accounts were unanimously adopted.

TRINIDAD LEASEHOLDS, LIMITED

NEW RECORDS ESTABLISHED

The twenty-fourth ordinary general meeting of Trinidad Leaseholds, Limited, was held, on the 24th instant, at Winchester House, Old Broad Street, London.

Mr A. W. Rogers (the Chairman) said that the accounts revealed both a satisfactory trading result for the year and a strong financial position. Oil profits and other revenue amounted to £1,090,940, an increase of £421,812 on the previous year. This increase was due to expansion of sales and improved average realisation of products. After transferring £100,000 to reserve account, the directors recommended a final dividend of 20 per cent., making 30 per cent., less tax, for the year.

The development programme outlined a year ago had been actively pursued. Although for a variety of reasons, including to some extent the labour troubles, they had not made the progress they expected in the erection of the plants, one unit had just begun to operate, and it was anticipated that most of those in course of erection would be in operation before the close of the present financial year. Once again new records had been established. The volume of oil handled and the profits earned were the highest in the history of the company. Footage drilled, production and purchases of crude oil all increased by 16 per cent. over the previous year. Refinery throughput had increased by 17 per cent., and drilling costs per foot drilled had decreased by 11 per cent.

The sales in the United Kingdom of the various blends of the company's "Regent" motor spirits had shown a further considerable increase during the year. Continued expansion of their business in the United Kingdom was in no small measure due to the very friendly and mutually beneficial relationship which had been established with the trade. He was glad to say that the number of their distributors showed a gratifying increase.

Working results for the current year to date compared favourably with the average results of last year, but with nearly two-thirds of the period still to run it would obviously be unwise to attempt any forecast of our results for the whole of the present financial year.

The report was unanimously adopted.

ENGLISH, SCOTTISH AND AUSTRALIAN BANK, LIMITED

PROSPERITY IN THE COMMONWEALTH

DIVIDEND OF 7 PER CENT

The forty-fifth ordinary general meeting of the English, Scottish and Australian Bank, Limited, was held, on the 24th instant, at 5 Gracechurch Street, London.

Mr S. M. Ward (the chairman), in the course of his speech, said:—You will, I am sure, have all heard with deep regret of the death on October 25th last of our revered chairman, Mr Andrew Williamson. We have lost a great chairman, who has guided the fortunes of this bank with conspicuous success for the last seventeen years, and, above all, we have lost an old and valued friend. I am sure I shall be acting in accordance with your wishes in conveying to Mrs Williamson your appreciation of the great services her husband has rendered to the bank, and your sincere sympathy with her and her family in the great loss they have sustained.

CONDITIONS IN AUSTRALIA

It is pleasing to be able to report that the Commonwealth is enjoying a period of remarkable prosperity. The Federal election, which has recently taken place, has resulted in the return of the late Government to power, with a slightly reduced majority. The outcome is a record in Australian political history, for this is the first occasion on which the same Government has entered upon a third successive term of office, a result which is a high tribute to the popularity and leadership of Mr Lyons, the Prime Minister. Apart from the spirit of confidence engendered by a stable Government, upon which the ultimate welfare of every nation depends, the factors contributing to prosperity in Australia are mainly the volume and prices of her export commodities. Australia lives by her exports, and of those by far the largest are wool and wheat, which together represent nearly 69 per cent. of her total exports.

With the single exception of butter, the value of every item in the classified list of exports shows an increase, and the total exports amounted to £127 millions sterling, as against £109 millions in 1935-36 and £85 millions in 1931-32, which was the worst year of the depression.

WOOL AND WHEAT

During the period under review wool production exceeded estimates by 200,000 bales, while at the same time the demand continued keen and at times difficult to satisfy. Under these favourable circumstances prices remained firm, and the average market value for greasy wool was 16.48d. compared with 14.01d. per pound for 1935-36. The value of wool exported amounted to £62,526,000, against £51,768,000 for 1935-36. At the moment a general setback of prices has manifested itself, due almost entirely to a lack of confidence in the European situation, the unsettled conditions in the Far East, and the possibilities of reaction from the American position.

The quantity of wheat exported was somewhat lower than in the preceding year, but the higher world price more than compensated for this falling off, and the official statistician of the Commonwealth gives the value of the exported wheat and flour as £24,361,000, compared with £18,570,000 for the year 1935-36.

The present price level is attractive to growers, as is evidenced in the wider areas sown to crop by all chief producing countries, but it should be some time before world production is stimulated sufficiently to reverse the present trend of the market. The Australian crop estimates for the current season were put as high as 190,000,000 bushels, but owing to some unfavourable weather reports from Victoria and New South Wales this figure was modified later to round about 160,000,000 bushels, compared with 150,500,000 bushels last year.

BUTTER AND MEAT

A further decline in butter exports of 17,025 tons below the already reduced level of the previous year has to be recorded, but Australia still stands third in the list of suppliers to this country with 29 per cent. of the total imports from Empire sources. The reason for the decline was due to the dry weather in the dairying-districts of New South Wales and Queensland in the spring and early summer. The total value of butter exported was £7,716,473, against £9,832,733 in 1935-36. One of the essential factors of the meat market of this country is the policy of the British Government, by which each of the exporting

countries is necessarily affected. So far as mutton and lamb are concerned, there is a continuance of the policy of regulating supply to demand and arranging shipments from the Dominions accordingly. Increased prosperity here has led to the absorption of over 1,000,000 more lambs this year than last, and the whole trend of the statistics for imported mutton and lambs shows that the expansion that has taken place is filled from Empire sources. Australia's share in this is reflected in the increased value of her export, £45,234,000, against £44,466,000 last year.

Australia continues to make progress in the export of chilled beef, and it is anticipated that shipments of beef from Australia to the United Kingdom will be approximately 33 per cent. more in 1937 than in 1936. So far as the Dominions are concerned, the British Government have, we understand, agreed to the right of producers to change over from frozen to chilled beef to any extent desired within the quota, and with the improvement of gas storage and transport facilities Australia is rapidly increasing her volume of chilled beef without involving any reduction in frozen shipments.

METALS

The upward trend in prices recorded in 1936 continued until the peak of March this year; since then they have fallen rapidly. The value of all non-ferrous minerals exported, including coal and excluding gold, last year was £9,600,000, an increase of £190,000 over the preceding year. During 1936 gold production of Australia amounted to 1,169,301 fine ounces, worth £10,121,313, being an increase of some 254,600 fine ounces over that of 1935. During the last seven months of the year production exceeded 100,000 ounces per month and in December, 1936, reached the record figure of 123,411 ounces.

With regard to the immediate future, the outlook continues generally favourable. This is borne out by the following telegram which we have just received from our general manager:—“Conditions in Australia on the whole gratifying. Recent rains in important districts have assured satisfactory summer season. Dairying prospects good. Estimated wheat harvest heavier than last year and prices expected to be reasonable. Wool prices have fallen and market tendency obscure. Metals have fluctuated recently, but there appears to be a steadier tone in the market. Trading conditions continue buoyant and general prospects are satisfactory.”

GOVERNMENT FINANCE

It may not be out of place to detain you for a few moments on the important subject of Government finance. For the six years ended in June, 1935, the combined State and Commonwealth Budgets resulted in an aggregate deficit of over £466,000,000, and this will to a large extent account for an increase in the State and Commonwealth Public Debt of over £80,000,000, although the Public Debt of the Commonwealth itself was reduced during the period 1931-37 by £11,019,000. During the past two years, however, the combined Budgets have shown a surplus of £1,100,000 in 1935-36 and £965,000 in 1936-37. Since October, 1932, all maturing and optional loans domiciled in London, totalling £221,770,000 sterling, have been successfully converted at an annual saving in interest of approximately £3,200,000 sterling.

The estimated expenditure of the Commonwealth for the current year is £85,160,000, of which £25,000,000 is allocated to war and repatriation services and defence. The next largest item is £15,900,000 for invalid and old-age pensions—an increase over last year of nearly £2,000,000. In view of the expectation of still further increases under that heading in the future, which is causing some concern in responsible quarters, it is understood that the Government are considering the possibility of introducing a system of national insurance.

With reference to the Banking Commission, the Chairman, in expressing approval of the general conclusions of the report and its endorsement of private enterprise in banking, said that, with regard to the recommendations of that report, about 30 in number, there were some to which the bank would take strong exception in their present form, especially as they appeared to be inconsistent with the body of the report. The report, however, was doubtless receiving careful and exhaustive examination by the Government.

THE ACCOUNTS

Dealing with the bank's accounts, he said that taking deposits and current accounts together at £35,282,660, there was the substantial increase of £2,389,410 over the previous year's figures. The gross profit was £1,181,480, an increase of £78,766, and it was proposed to pay a final dividend of 3½ per cent., less United Kingdom income tax, making 7 per cent. for the year. The report and accounts were unanimously adopted.

TRUST OF INSURANCE SHARES LIMITED

ADVANTAGES OF UNIT TRUSTS

MR. McCURDY ON MARKETABILITY

The third annual general meeting of the Trust of Insurance Shares, Limited, was held, on the 23rd instant, at the registered office, 30 Cornhill, London, E.C.

The Right Hon. Charles A. McCurdy, K.C. (the Chairman) presided.

The Chairman said: Since I last addressed you the company has brought into existence three new unit trusts:—

The Trust of Scottish Bank, Insurance and Investment Trust Units, for which the Royal Bank of Scotland act as trustees and bankers.

Investment Trust Units, for which Lloyds Bank, Limited, act as bankers and custodian trustees, and

The Cornhill Trust, which was successfully launched last week, with the Midland Bank Executor and Trustee Company, Limited, as trustees.

OBJECTS OF SCOTTISH TRUST AND INVESTMENT TRUST UNITS

The creation of the Scottish Trust and the Investment Trust Units raised a question of great importance to unit holders, viz. the maintenance at all times of free marketability in their Units. The purpose for which Investment Trust Units was formed—a purpose which we also had in mind in creating the Scottish Trust—was to give the investing public an opportunity of acquiring an interest in the stocks and shares of the best of the old-established managed investment trusts, incorporated under the Companies Acts, in a form that would always be readily marketable. The Investment Trust companies, I need hardly remind you, are limited liability companies, managed by experts who by their training and experience and the control of substantial resources are in a position to invest capital to better advantage than the average individual. There are in existence in Great Britain some 200 investment trust companies, with an aggregate share and loan capital of approximately £300 millions. Some of these companies have a long record of steadily growing prosperity and constitute an excellent investment with, however, one drawback: the limited marketability of their stocks and shares. It is often a matter of extreme difficulty to buy or sell any substantial amount of stocks and shares of the best investment trust companies, and, in times of market depression, such as we are now experiencing, it would be very difficult to realise any substantial block of shares without severe repercussions upon prices. The portfolios of the Scottish Trust and of Investment Trust Units are made up partly in the one case and wholly in the other of stocks and shares selected from some of the best known and oldest established of the investment trust companies, and offer to the public an investment in the form of units which are, at all times, readily marketable for cash. To achieve this result we took very special precautions. Marketability means that when shares or units have to be sold there is, or should be, no difficulty in finding a purchaser. It is not secured by merely obtaining for a security an official quotation on the Stock Exchange, nor do the provisions commonly found in the trust deeds of the unit trusts for liquidating a part of their underlying securities in order to pay out a unit holder in case of need make the units marketable; on the contrary, they provide a method of partial liquidation of the Unit Trust which is not necessary so long as the units enjoy a free market.

CASH AVAILABLE FOR REPURCHASE

In the case of Investment Trust Units and the Scottish Trust we therefore made special provision, whereby in the one case a sum of £250,000 and in the other a sum of £100,000 can be made available if required for the repurchase of Units or for the realisation of underlying securities without the necessity of throwing stocks on the market, if at any time the markets are difficult. Up to now the Units in these Trusts have proved freely marketable without the necessity of resorting to those special provisions.

In our view, the holding of Units in a properly constituted Unit Trust ought at all times to possess two advantages over the director holding by an investor of the underlying securities:—

1. A greater stability in price movement, and
2. A freer market for the investor who desires to realise his holding.

It is well known that we are always ready to deal in our Units

either way, at the bid and offer prices of the day. These prices are net, and include commission at the usual rates on purchase or sale, as well as the transfer stamp duty, where payable.

The marketability of our Units, apart from any of these provisions, is secured by the fact that they are not speculative. They are bought for investment and for investment only, and during the worst periods of crisis through which the markets have recently passed the bona fide investor was still seeking safety-first investments, and there were no speculative accounts in our units to be liquidated.

It may interest you to know that yesterday and to-day the demand for our Units in our older trusts as well as in the new ones was well maintained.

CORNHILL TRUST

Last week we issued a new trust—the Cornhill Trust—the success of which during a period of depressed markets is extremely gratifying to your directors.

The features of this new trust were described very neatly by the City Editor of “The Times” as “a new type of investment which has been . . . designed to meet the persistent demand in the first place for a short-dated debenture in the high-grade investment class and, in the second, for a type of issue which has as its chief attraction the prospect of capital appreciation over a period of years.”

The Debenture Units of the Cornhill Trust represent the most marketable type of security known to the City—a short-medium dated debenture, fully secured, which gives to the holder the right to receive on fixed dates definite sums of money in respect of capital, interest and redemption premium. For securities of this type there is always a very wide class of buyers, ranging from insurance companies and savings banks to the small individual investor, and a price can always be obtained varying only within narrow limits as current interest rates may vary.

Our experience last week is, I think, conclusive evidence on that point. The initial issue of 600,000 debenture units was immediately subscribed, and as the initial offer was by no means sufficient to meet market demands, arrangements were made to increase the funds and a further issue of 300,000 Debenture Units was created, the greater part of which has since been subscribed at the current price of 21s.

AUSTRALIAN, MERCANTILE, LAND FINANCE COMPANY, LIMITED

DISTRIBUTION OF 6 PER CENT.

The seventy-third annual ordinary general meeting of this company was held, on the 25th instant, in London.

Sir John Sanderson, K.B.E. (the Chairman), said that throughout the twelve months of their financial year the wool market had moved on a profitable level, but prices had risen to the highest point of the season in January, 1937, when Japan resumed buying in the Australian market following the conclusion of a trade agreement with the Commonwealth. It was understood that under that agreement Japan would take from the Australian market not less than 800,000 bales of wool during the eighteen months ending June 30, 1938. Of that quantity some 285,000 bales had been purchased before June 30, 1937, but since the new selling season opened in Sydney on August 30th last Japanese competition had been limited. It was a matter of concern to the wool trade to know how soon the additional 500,000 bales would be bought for admission into Japan.

When the new selling season opened in Australia on August 30th last prices were from 15 per cent. to 20 per cent. higher than at the opening sales of the 1936-37 selling season, but in common with most other commodities, and notwithstanding the strong statistical position of wool, prices were now well below the opening rates of last season and the market was irregular. Unless prices recovered, their commission accounts and results from the company's stations during the current financial year must be adversely affected. Included in the accounts now before the meeting, 9,159 bales of wool from the company's properties had realised £176,085, as compared with £124,524 from 8,190 bales for the period ended June 30, 1936.

After stating that their Argentine business had shown steadily, if slowly, improving results, and that in that great and progressive country they hoped to expand their activities as the years passed, he went on to say that it was a great satisfaction to the directors to be able to recommend to the shareholders after such a long period of adversity a dividend and bonus distribution on the present scale—a dividend of 5 per cent. and a bonus of 1 per cent., subject to British income tax at the rate of 4s. 3d. in the £. The report and accounts were adopted.

WALL PAPER MANUFACTURERS, LIMITED

YEAR OF GOOD TRADING

INCREASED PROSPERITY OF SUBSIDIARIES

The thirty-eighth annual general meeting of the Wall Paper Manufacturers, Limited, was held on the 25th instant, in the Venetian Room, Holborn Restaurant, High Holborn, London.

After commenting upon the accounts, the Chairman (Mr Alan V. Sugden, J.P.) said:—

GENERAL CONDITIONS

The story of the year's results is one of good trading, though with wallpaper manufacture marking time, owing to competition and over-production, whilst our other manufacturing subsidiaries and distributing interests have shown increased prosperity.

Against this we have had to set a considerable increase in taxation and an abnormal circumstance in the depreciation of gilt-edged securities when our holdings were valued at August 31st last.

Our position as large holders of gilt-edged stocks may be described as one of temporary vulnerability, though the risk of depreciation should decrease progressively as redemption dates draw nearer.

Returning to our main manufacturing interest, wallpaper, I would like to say three things—we make an article which for variety and quality is unsurpassed throughout the world, our position is strong, and we are confident of our ability to meet all that may be in front of us.

Wallpaper makes a unique claim on the woman of taste to express her personality in the decoration of her own home.

New methods of application and manipulation are continually appearing which permit of entirely different schemes being built up from individual designs.

The use of narrow borders in this connection supplies new scope for ingenuity combined with harmonious relation to the architectural features of walls and ceilings.

These new fashions are particularly applicable to modern houses and modern flats.

We invite all stockholders to visit the Ideal Home Exhibition at Olympia next March, when the very latest forms of wallpaper and its application will be shown, not only on the stand, but in the model houses and as a background to other exhibits.

Before leaving this subject I should mention the contribution our company has made during the past two or three years towards the instructional classes in decoration which form part of the curriculum of a great many technical schools throughout the country.

Practical work is essential to the student anxious to familiarise himself with the handling of wallpaper and with the object of facilitating the excellent work in these schools, the company has provided regular consignments of material for practice purposes, and in addition has arranged a number of lectures and film displays in various centres.

PAINT MANUFACTURE

The Walpamur Company has had a very satisfactory year with a substantial increase of sales which has been particularly marked among the main decorative products and especially in Walpamur Water Paint and Duradio Enamel Paint.

Steady progress has been made in developing the testing of raw materials and of products in process, the precise control of manufacturing processes at every stage, and in examination before despatch. This results in progressive improvement in technical qualities and is an important factor in the encouraging growth of trade.

ARTHUR SANDERSON AND SONS, LIMITED

This well-known house has had a very good year, to which an important contribution was made by the production of special decorations for the Coronation.

"Sanderson Fabrics," whose showrooms are also in Berners Street, have alike experienced a satisfactory year.

I hope these fabrics will receive the support of all stockholders and their friends. In particular I mention the "Indecolor" range which is not only fast to light but has the quality of withstanding hard and constant washing. "Sanderson Fabrics" are obtainable in all the best furnishing houses and department stores throughout the country.

PENSIONS

Since the various schemes (other than the Employee Directors' Fund) were instituted, £112,206 has been paid out in benefit, and there are at present 450 old employees in receipt of pensions.

ACKNOWLEDGMENTS

The board wishes me to again express our appreciation of the loyal co-operation shown by all members of the staff, both at home and overseas, during the year.

Their interest in the continued success of this great business is unceasing, and the stockholders will wish to be identified with this public acknowledgment of our grateful thanks.

The report and accounts were unanimously adopted.

NORTH BRITISH RAYON, LIMITED

STABILISATION OF PRICES

The ordinary general meeting of North British Rayon, Limited, was held, on the 18th instant, at the Incorporated Accountants Hall, Victoria Embankment, London.

Mr Ernest Walls (the chairman) said that during the year now under review the company had the use of the extensions which were completed in the previous year. The works had been run to full available capacity throughout the period and the output had found a ready sale.

In spite of this the financial year had been a time of exceptional difficulty. It had been a year of rising costs and wage increases, accompanied by falling selling prices of rayon, and the result of these circumstances was reflected in the reduced trading profit for the year.

The protracted run of selling price reductions came to an end in May last, when, by mutual understanding in the industry, prices of viscose rayon were stabilised. The level at which they were stabilised was a low one, lower than that of the year 1935-36; the important thing was that the price avalanche was checked and stability attained. Higher prices for the coming year were called for.

If, as he was sanguine enough to believe, a period of price stability with a reasonable profit for all producers could be anticipated in the future, rayon consumption should expand year by year, for they would have restored what was formerly one of the greatest arguments for rayon in the textile industry, namely, the stable prices as compared with the fluctuating prices of other fibres like cotton and wool. The general rayon position had been well maintained.

Referring to the excise duty, the Chairman said that on the assumption that users of rayon were faced with an increased price in the coming year, there was a special opportunity for the Government to remove that serious handicap from the textile industry. The only flaw in the argument for removal of the excise duty was that by reducing stock values it would cause a heavy loss to users of rayon, but removal of the tax under the circumstances suggested would leave users of rayon with a minimum of loss.

The report was adopted unanimously.

SUMATRA PARA RUBBER PLANTATIONS, LIMITED

The thirtieth annual general meeting of this company was held, on the 23rd instant, in London.

Mr H. A. Barrett (the chairman) said that it was gratifying to report a substantial improvement in results, the profit for the past year being practically double that for 1935-36—namely, £18,001, compared with £9,131. The board now recommend a dividend of 7½ per cent., against 4 per cent. last year. The actual crop harvested was 1,080,382 lbs., making, with the 1935-36 reserve stock, a total of 1,254,522 lbs. They exported during the period 1,158,187 lbs., thus ending up the year with a reserve stock of 96,335 lbs. standing in the balance sheet at the actual cost of production. The exportable crop realised a gross average price of 8.80d. per pound, as compared with 6.80d. per pound for 1935-36 and 5.67d. per pound for 1934-35. The liquid position of the company had been further strengthened, and they now had a total of £24,500 of "gilt-edged" securities.

In connection with the offer of shares for subscription at par, the bulk of the total expenditure on replanting occurred in the first year or eighteen months of the operations, and the additional working capital the board now invited shareholders to subscribe would ensure the company's liquid resources being maintained at a satisfactory and safe level, while permitting the total cost of the replanting programme to be spread over the whole period of immaturity.

Referring to the recent fall in rubber, he thought they might rest assured that the International Rubber Regulation Committee had its eye on the position and could be relied upon to act in the best interests of the industry.

The report was unanimously adopted.

JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED

CONTINUED EXPANSION OF GOLD MINING INDUSTRY

MR H. J. JOEL'S SURVEY

The annual general meeting of the Johannesburg Consolidated Investment Company, Limited, was held, on the 23rd instant, in Johannesburg.

Mr H. J. Joel, who presided, said:—The year was a successful one and the company maintained its strong financial position. The total book value of the assets amounted to £8,953,460—an increase of £701,378 over last year. In the aggregate the market value showed a large surplus over book value. Assets showed a surplus over liabilities, including contingent liabilities, of £6,767,186. The net profit for the year was £1,141,878, which, with a balance of £166,875 brought forward, made a total of £1,308,753 available for distribution. £350,000 was transferred to reserve; £790,000 was declared in a dividend of 3s. and a bonus of 1s. per share, leaving a balance to be carried forward of £168,753.

INCREASED MINING OPERATIONS

Operations of the gold mining industry continued to expand throughout the year, resulting in an increase of three-and-a-quarter million tons milled as compared with the previous year, and approached fifty million tons. Recovery per ton milled showed a slight fall, but the increased operations resulted in the production of half a million more ounces of fine gold. Work and expenditure on capital account, particularly on mines in shaft sinking and developing stages, continued at a rapid rate.

A sum of £47,000,000 was spent on working costs, of which amount approximately one-half represented salaries and wages and one-half stores. On the latter account £15,000,000 was spent on South African products. During the last fiscal year the industry contributed directly to the Government over £14,000,000 in taxation and share of profits from leased mines.

A native labour force of approximately 310,000 was required to operate the industry at the rate of 50,000,000 tons per annum and to maintain the present rate of work on capital account. Since progressive expansion of the industry began at the end of 1932 it had been clear that sooner or later, if expansion continued, there would be a shortage of native labour, which was now being felt. Labour reservoirs at present available were dry, not only on account of the numbers required by the industry, but because expansion of the industry inevitably spread prosperity throughout the country and brought a greater general demand for European and native labour.

DEMAND FOR NATIVE LABOUR

Government spokesmen had from time to time expressed the conviction that Governmental schemes should be undertaken in times of adversity when labour was over-plentiful, but they found large labour-absorbing schemes such as railway and harbour construction and improvement, and dam and road building put in hand when employment was general. However desirable these schemes, it would be agreed that they had become possible only through the expansion of this great primary industry and they would, if demand for native labour was such that the gold mining industry could no longer expand or maintain its present position, lead to a reduction in the general activity rate of the country and a decrease in the European labour employed by the mines.

It was estimated that by the end of 1938 the industry would require over 350,000 natives. There was no possibility of obtaining large numbers of additional natives except from areas north of latitude 22 deg. S. under the control of the Colonial Office, which naturally had refused to permit engagement until the respective Governments were satisfied that conditions of employment of natives were good and the health position satisfactory. Employment on an experimental scale of a number of Nyasaland and Northern Rhodesian natives was permitted and proved so satisfactory from health and efficiency aspects that the Union Government in July last gave permission for the employment of 10,000 Tropicals on mines. Further engagements would be the subject of discussion between the Governments concerned and the Chamber at an early date.

TREND OF WORKING COSTS

A consideration of major importance which had the unremitting attention of control was the question and trend of working costs.

During the past four or five years it had been possible to improve conditions and remuneration of labour to a considerable degree and more recently a gradual rise in the cost of stores, particularly from overseas, became evident.

The cost per ton of ore milled had been maintained at a moderate level; the average in 1932 was 19s. per ton, which was the present figure. Two reasons for this result might be mentioned. Firstly, standing charges of individual mines were distributed over greater tonnage milled, and, secondly, although there was no spectacular single improvement in engineering practice, there had been persistent operating improvement further influenced by the fact that many mines which operated on a bare margin in 1932 with little prospect of improvement were in a position subsequently to improve machinery and plant with good results. With gold at its present selling price and at the present operating costs, the cost per ton of ore treated in terms of gold amounted to 2.7 dwt. While this figure could be maintained the industry was in little danger of retrogression.

MINE TAXATION

The industry had had adequate experience of the present form of taxation and with experience criticism had practically ceased. Such criticisms as were expressed in the first instance seemed to have been made without a full appreciation of the influence of the tax. The tax was designed to meet the Government's repeatedly expressed demands that it should not discourage the mining of ore carrying a small margin of profit and which would at the same time assure the Government of a 50 per cent. participation in any rise or fall in the sterling price of gold. The present form of tax fulfilled those conditions and had many other advantages beneficial to the industry as a whole and to the country. There was every reason to suppose that this form of tax would be permanent and that the muddle into which mining taxation descended in 1933, 1934 and 1935 was a thing of the past. The scale of tax, however, was so severe that it could not be justified from any angle; even the requirements of the country did not demand it.

The gold-mining companies of the group showed the following results for the six months ending June, 30, 1937:—Tons milled, 6,127,500; yield (ozs.), 1,308,204; yield per ton (dwts.), 4.27; working costs, £5,398,154; gross profit, including sundry revenue, £3,892,611.

IMPROVEMENT IN DIAMOND MARKET

At the last annual meeting it was reported that the diamond market had been in a much more satisfactory state, and it was pleasant again to be in a position to report further substantial improvement in the year under review. The harmonious relationship consolidated in recent years between the Diamond Corporation, the Association of Diamond Producers in South Africa, and outside producers had been maintained and the industry was now in a position to operate to the best advantage.

Platinum.—The price realised for platinum showed an improvement during the year. Additions to the plant at Rustenburg Platinum Mines were completed, and although tonnage treated had been increased the labour supply available was not sufficient to allow of the full production of 20,000 tons per month. To October all concentrates produced were shipped overseas for treatment and realisation. In future, concentrates would be partially treated at Rustenburg prior to shipment.

With regard to copper, the year under review was a very prosperous one. Demand increased materially and was followed by a substantial increase in price. In fact, the price rocketed in a disconcerting manner to a figure which could not be considered normal. An unduly high price naturally had a detrimental effect on consumption and encouraged uneconomic production. A moderate price and large consumption was in the best interests of the Northern Rhodesian producers, in which their company was largely interested; they were, as was now generally known, amongst the world's cheapest producers.

The Rhokana Corporation, which declared its maiden dividend on June 30, 1935, of 12½ per cent., increased the distribution to 17½ per cent. and 62½ per cent. for the two succeeding years.

The Rhodesian Anglo-American Company, which paid 5 per cent. for the year ended June 30, 1936, increased its dividend to 15 per cent. for the following year.

S.A. Carbide Company results reflected a continued expansion of business. Dividends of 8 per cent. were paid on the preferred and ordinary shares and an additional dividend of 2s. 5.188d. per share was paid on the preferred shares and 3d. per share on ordinary shares.

The report was unanimously adopted.

Copies of the Chairman's Speech may be obtained from the Secretary, Park Road, Aston, Birmingham.

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

ASSETS	Nov. 19, 1936	Oct. 21, 1937	Oct. 28, 1937	Nov. 4, 1937	Nov. 10, 1937	Nov. 18, 1937
Gold	3,704,519	3,453,435	3,377,290	3,343,859	3,340,787	3,353,950
Silver and other coins	58,288	47,974	48,521	47,432	46,837	51,030
Securities	1,358,334	1,246,060	1,256,009	1,268,216	1,263,694	1,261,514
Advances	68,600	33,225	37,008	43,083	39,449	37,649
LIABILITIES						
Notes in circulation	4,448,839	4,345,144	4,348,952	4,353,825	4,338,913	4,282,489
Deposits: Govt.	38,267	31,447	16,100	58,910	32,155	41,503
Other	889,523	588,103	537,756	461,645	503,629	564,104

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

ASSETS	Nov. 23, 1936	Oct. 25, 1937	Nov. 1, 1937	Nov. 8, 1937	Nov. 15, 1937	Nov. 22, 1937
Gold	569,895	1,330,680	1,354,644	1,394,586	1,424,638	1,424,534
Silver	19,932	18,452	17,808	17,231	17,355	17,583
Home bills discounted	22,171	9,609	9,680	9,621	9,531	9,462
Loans and advances						
in current account	295,148	197,135	196,606	190,754	189,492	189,368
LIABILITIES						
Notes in circulation	773,980	856,123	911,137	881,973	872,915	865,748
Deposits	154,814	736,211	688,773	751,200	789,431	796,586

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

ASSETS	Nov. 21, 1936	Oct. 23, 1937	Oct. 30, 1937	Nov. 6, 1937	Nov. 13, 1937	Nov. 20, 1937
Gold and silver	108,590	133,070	133,190	133,460	132,870	133,120
Discounts, advances and other						
investments	72,910	89,830	96,040	77,260	77,880	74,780
Foreign bills	2,800	4,760	4,290	4,290	3,650	3,160
Other assets	14,580	73,600	68,140	82,180	84,150	85,560
LIABILITIES						
Notes in circulation	158,850	191,730	190,580	195,100	193,280	188,100
Deposits and bills payable	25,610	95,500	96,910	87,740	90,890	94,260

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

ASSETS	Nov. 16, 1936	Oct. 22, 1937	Oct. 31, 1937	Nov. 8, 1937	Nov. 15, 1937
Coin and bullion (gold reserve)	118,859	118,840	118,840	118,840	118,840
Balance abroad and foreign bills	75,384	171,921	173,435	177,446	180,149
Funds provisionally placed in gold, not included in the gold reserve		96,211	70,331	70,331	70,331
Norwegian and foreign government securities	44,028	92,378	92,516	92,404	93,389
Discounts and loans	215,029	121,432	118,598	122,345	118,428
LIABILITIES					
Notes in circulation	397,322	418,505	424,680	419,565	415,777
Deposits at sight	104,516	98,481	90,414	105,348	107,700

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

ASSETS	Nov. 15, 1936	Oct. 23, 1937	Oct. 31, 1937	Nov. 7, 1937	Nov. 15, 1937
Gold	2,591,166	2,567,116	2,568,788	2,568,718	2,567,160
Balance abroad and foreign currencies	490,662	442,930	446,638	453,960	455,664
Discounts and advances	1,806,516	2,168,872	2,447,863	2,344,428	2,425,777
State notes debt balance	2,028,851	2,012,692	2,012,584	2,012,453	2,012,022
LIABILITIES					
Bank notes in circulation	5,720,169	5,875,755	6,516,240	6,323,679	6,095,229
Deposits	755,859	690,185	304,064	422,916	749,173

NATIONAL BANK OF JUGOSLAVIA.

In dinar (000's omitted)

ASSETS	Nov. 15, 1936	Oct. 31, 1937	Nov. 8, 1937	Nov. 15, 1937
Cash reserve:				
Gold at home and abroad	1,595,840	1,748,629	1,753,441	1,760,150
Other foreign exchange	567,793	536,581	539,767	492,342
Bills and advances against security	1,717,456	1,611,935	1,606,406	1,594,789
Government advances	1,662,287	1,652,434	1,652,434	1,652,289
LIABILITIES				
Notes in circulation	5,197,461	5,856,736	5,749,193	5,659,042
Sight deposits	1,630,977	2,423,019	2,577,978	2,606,125

BANK OF LITHUANIA.—In litas (000's omitted)

ASSETS	Nov. 15, 1936	Sept. 30, 1937	Oct. 15, 1937	Oct. 31, 1937	Nov. 15, 1937
Gold	19,136	76,670	76,675	76,698	76,700
Silver and other coins	6,366	11,087	11,179	11,351	11,439
Foreign currency	3,528	2,550	2,236	2,501	2,469
Discounts	80,805	86,639	90,811	90,845	93,741
Advances	12,423	16,391	16,670	16,627	16,783
LIABILITIES					
Bank notes in circulation	110,513	111,158	116,598	116,733	122,550
Current accounts	53,399	58,709	54,973	55,389	53,433
Deposits	11,573	23,570	27,555	30,836	31,805

BANK OF DANZIG.—In Danzig gulder (000's omitted)

ASSETS	Nov. 14, 1936	Aug. 31, 1937	Sept. 15, 1937	Sept. 30, 1937	Oct. 15, 1937	Oct. 31, 1937	Nov. 15, 1937
Gold coin & bullion	29,398	28,111	28,111	28,114	28,118	28,113	28,115
Danzig subord. coin	4,473	4,059	4,462	3,959	4,332	3,931	4,260
Balances abroad & foreign bills	3,443	2,412	2,272	2,240	2,117	2,071	3,255
Discounts	14,608	13,227	13,547	13,888	14,282	13,880	13,876
LIABILITIES							
Notes in circulation	28,998	34,281	31,172	34,535	31,889	34,786	32,072
Deposits on demand	11,970	12,974	17,039	13,647	16,374	12,832	15,495

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

Banking Department	Oct. 31, 1936	Aug. 31, 1937	Sept. 30, 1937	Oct. 31, 1937
Capital	2,925	2,925	2,925	2,925
Reserves	2,925	2,925	2,925	2,925
Government deposits	5,809	7,869	7,333	7,989
Other deposits	20,056	18,259	18,964	19,335
Other accounts	3,712	4,344	4,354	4,232
ASSETS				
Cash: Notes	1,813	1,568	1,524	1,417
Gold, silver, etc.	658	694	665	661
Money at call and short notice	317	1,077	867	580
Investments	22,921	24,299	23,998	23,234
Advances	6,093	3,219	4,605	6,324
Bills	1,523	816	1,083	1,978
Other accounts	2,302	4,649	3,738	3,211
Note Issue Department				
Notes issued	25,000	20,800	23,200	23,200
ASSETS				
Gold	6,241	6,241	6,241	6,241
British Treasury Bills and bonds	9,544	5,144	7,744	7,744
British War Loan at par	7,715	7,715	7,715	7,715
Egyptian Government securities at market price	1,500	1,500	1,500	1,500

BANK OF JAPAN.—In yen (000's omitted)

ASSETS	Oct. 31, 1936	Oct. 9, 1937	Oct. 16, 1937	Oct. 23, 1937	Oct. 30, 1937
Gold coin and bullion	540,196	801,001	801,001	801,001	801,001
Other coin and bullion	61,184	50,885	55,659	57,237	56,677
Discounts	634,635	556,956	559,717	561,570	634,026
Advances	204,866	30,267	29,837	29,834	30,042
Advances on foreign bills	133,174	82,347	76,596	121,228	172,438
Government bonds	454,137	531,971	691,348	657,878	664,227
Agencies accounts	69,332	116,014	88,901	105,607	85,512
LIABILITIES					
Notes issued	1,452,967	1,573,001	1,559,489	1,628,681	1,786,645
Government deposits	196,649	273,779	404,635	394,491	335,398
Other deposits	126,212	66,915	60,898	62,570	77,832

MONEY AND EXCHANGE RATES

LONDON MONEY RATES

	Nov. 18, 1937	Nov. 19, 1937	Nov. 20, 1937	Nov. 22, 1937	Nov. 23, 1937	Nov. 24, 1937	Nov. 25, 1937
Bank rate (changed from 2½% June 30, 1932) from	2	2	2	2	2	2	2
Market rates of discount—							
60 days' bankers' drafts	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
3 months' do.	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
4 months' do.	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
6 months' do.	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Discount Treasury Bills—							
2 months'	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
3 months'	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Loans—Day-to-day	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Short	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Deposit allowances: Bank	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Discount houses at call	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
At notice	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½

Comparison with previous weeks

	Nov. 18, 1937	Nov. 19, 1937	Nov. 20, 1937	Nov. 22, 1937	Nov. 23, 1937	Nov. 24, 1937	Nov. 25, 1937
Short Loans	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Bank Bills	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Trade Bills	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
3 Months	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
4 Months	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
6 Months	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½

LONDON RATES OF EXCHANGE

I.—Spot Rates

(Range of the day's business)

London on	Par of Exch. per £	Nov. 19, 1937	Nov. 20, 1937	Nov. 22, 1937	Nov. 23, 1937	Nov. 24, 1937	Nov. 25, 1937
New York, \$	24.86	5.00-00	5.00-00	5.00-00	5.00-00	5.00-00	5.00-00
Montreal, \$	4.86	4.99-01	4.99-01	4.99-01	4.99-01	4.99-01	4.99-01
Paris, Fr.....	124.21	147-1	147-1	147-1	147-1	147-1	147-1
Brussels, Bel.	35.00(a)	29-39-42	29-40-43	29-39-42	29-39-42	29-39-42	29-39-42
Milan, L.....	92.46	94-1-85	95-05	94-1-85	95-05	94-1-85	94-1-85
Zurich, Fr.....	25.22	21-60-1	21-61-63	21-60-1	21-61-63	21-60-1	21-61-63
Athens, Dr.....	375	540-555	540-555	540-555	540-555	540-555	540-555
He's for, M.....	193-23	225-1-226	225-1-226	225-1-226	225-1-226	225-1-226	225-1-226
Madrid, Pt.....	25.22	77-00	77-00	77-00	77-00	77-00	77-00
Lisbon, Esc.....	110	110-110	110-110	110-110	110-110	110-110	110-110
Amst'd'm, Fl.....	12.107	9-01-02	9-01-02	9-01-02	9-01-02	9-01-02	9-01-02
Berlin, Mk.....	20.43	12-36-39	12-36-39	12-36-39	12-36-39	12-36-39	12-36-39
Registered Marks							
Vienna, Sch.....	34.58	46-51	46-51	46-51	46-51	46-51	46-51
Bu'pest, Pen.....	27.82	24-25	24-25	24-25	24-25	24-25	24-25
Prague, Kr.....	164	141-142	142-142	141-142	141-142	141-142	141-142
Danzig, Gul.....	25.00	26-1	26-1	26-1	26-1	26-1	26-1
Warsaw, Zlot.....	48.38	26-1	26-1	26-1	26-1	26-1	26-1
Riga, Lat.....	25.22	24-25	24-25	24-25	24-25	24-25	24-25
Bucharest, Lei	813.8	685-690	685-690	685-690	685-690	685-690	685-690
Const'ple, Pst	110	619	619	619	619	619	619
Belgrade, Din	276.32	624	624	624	624	624	624
Kovno, Lit.....	48.66	29-30	29-30	29-30	29-30	29-30	29-30
Sofia, Lev.....	673.66	390-420	390-420	390-420	390-420	390-420	390-420
Tallinn, E. Kr.	18.159	171-182	171-182	171-182	171-182	171-182	171-182
Oslo, Kr.....	18.159	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45
St'holm, Kr.....	18.159	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45
Cop'h'gen, Kr.	18.159	22-35-45	22-35-45	22-35-45	22-35-45	22-35-45	22-35-45
Alex'd'ria, Pst.	97	97-1	97-1	97-1	97-1	97-1	97-1
Br'ndia Rup.	182	18	18	18	18	18	18
Hong Kong, \$	24.86	13-14	13-14	13-14	13-14	13-14	13-14
Kobe, Yen.....	124.58	13-14	13-14	13-14	13-14	13-14	13-14
Shanghai, \$	28	28	28	28	28	28	28
Singapore, \$	28	28	28	28	28	28	28
Batavia, F....	12.11	8-98-02	8-98-02	8-98-02	8-98-02	8-98-02	8-98-02
Rio. Mil.	15.899	2-11-89	2-11-89	2-11-89	2-11-89	2-11-89	2-11-89
B. Aires, \$...	11.45	16-12	16-12	16-12	16-12	16-12	16-12
Valparaiso, \$	40	124-1	124-1	124-1	124-1	124-1	124-1
M'vidoe, \$...	51d.	25-26	25-26	25-26	25-26	25-26	25-26
Lima, Sol.....	17.38	19-20	19-20	19-20	19-20	19-20	19-20
Mexico, Pes....	9.76	17-18	17-18	17-18	17-18	17-18	17-18
Manila, Pes....	24.68d.	23-24	23-24	23-24	23-24	23-24	23-24
Moscow, Rbls.	12	26-51	26-51	26-51	26-51	26-51	26-51
B'ngkok, Baht	121.82d.	22-22	22-22	22-22	22-22	22-22	22-22

SURVEY OF COMMODITY MARKETS

Copper, lead, spelter and tin continued their downward

In the United States, the prices of many commodities continued their headlong downward movement. Moody's daily index of staple commodity prices declined from 150.5 to 144.6 in the week ended Wednesday (December 31, 1931 = 100), against 164.5 a month ago and 189.5 on the corresponding day last year.

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Deben-ture Interest	Amount Available for Distribution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Deprecia-tion, etc.	Balance Forward	Net Profit	Divi-dend
					Prefce.	Ordinary					
						Amount	Amount				
Breweries and Distilleries											
A. Campbell, Hope and King	Sept. 30	9,057	23,249	32,306	3,850	9,000	%				
Bentley's Yorkshire	Sept. 30	31,819	66,881	98,700	19,500	36,476	15	10,000	9,456	21,525	%
Higson's Brewery	Sept. 30	...	34,318	34,318	14,915	13,500	3	12,500	30,224	56,476	12½
Hull Brewery	Sept. 30	56,773	115,290	172,063	9,100	52,500	18½	60,000	5,903	(a) 10	(a) 10
Starkey, Knight and Ford	Sept. 30	36,085	60,083	96,168	4,575	65,925	18½	17,000	60,463	99,392	17½
Tetley (Joshua) and Son ...	Sept. 30	93,967	247,663	341,630	40,000	126,000	14	80,000	38,668	57,335	18½
Financial, Land, etc.											
Charterhouse Investment...	Nov. 11	21,320	103,823	125,143	15,577	56,250	10		95,630	233,099	12
Investors' Mortgage Security	Sept. 30	23,768	127,734	151,502	41,064	57,491	10½	17,360	36,056	146,002	10
Pinner's Hall (Austin Friars)	Sept. 30	6,756	16,022	22,778	...	13,548	10	1,000	22,947	111,902	9½
Hotels, Restaurants, etc.											
Queen Anne's Mansions, etc.	Sept. 30	32,791	41,100	73,891	11,087	21,375	15	2,500	8,230	18,504	10
Strand Hotel	Sept. 30	11,596	123,000	134,596	45,000	32,200	14(s)		38,929	24,431	10
Iron, Coal and Steel											
Glass Houghton, etc.,											
Collieries	Sept. 30	4,503	107,555	112,058	6,602	60,937	12½		10,196	123,000	14s
Redpath, Brown and Co....	July 31	94,848	207,804	302,652	7,908	52,500	20½	40,000	4,519	70,110	7½
Stewarts and Lloyds of S.A.	June 30	24,819	204,410	229,229	35,500	20,500	10	70,000	172,244	(c) 95,710	15½
Tube Investments	Oct. 31	112,669	825,090	937,759	43,496	666,043	23½	119,536	53,693	146,944	10
Motor Cycle and Aviation											
Halford Cycle	Oct. 2	35,059	36,848	71,907	...	24,676	15	100,000	128,220	620,730	17½
Humber, Ltd.	July 31	141,610	263,174	404,784	40,237	37,545	15(h)	9,494	37,737	30,065	15
Riley (Coventry)	July 31	22,580	Dr 118,266	Dr 95,686	...	12,122	15(h)	165,000	149,880	241,886	15½
Rubber											
Asahan	July 31	7,093	18,053	25,146	...	13,000	10	Dr 101,187	5,501	(g) 62,079	(g) 20
Castlefield (Klang)	June 30	3,647	20,056	23,703	...	20,000	10	3,000	9,146	7,376	5
Tramway and Omnibus											
Cape Electric Tramways ...	June 30	48,057	63,314	111,371	...	24,560	5	Dr 2,000	5,703	10,374	8
Trusts											
Cleveland Trust	Sept. 30	1,435	3,754	5,189	...	2,800	7	43,665	43,146	69,763	4
Cockburn Trust	Sept. 30	6,888	14,173	21,061	...	11,130	8	1,000	1,389	3,780	7
Third Edinburgh Investment	Nov. 5	64,760	40,712	105,472	17,156	11,438	6	...	9,931	11,881	8
Trans-Oceanic Trust	Oct. 31	17,004	37,755	54,759	22,859	7,500	2½	8,000	76,878	27,607	4
Other Companies											
Airports, Ltd.	Sept. 30	Dr. 8,461	Dr. 2,416	Dr. 10,877	...	...	...	...	16,399	34,003	1½
B											

† Free of income tax. (a) No comparable figure. (b) November 18, 1936, to September 30, 1937.
(d) Four years' dividend on preference shares. (e) Eighteen months. (g) Nineteen months. (c) Nine months.
(h) Deferred ordinary shares. (h) Preferred ordinary shares.

WORKINGTON.—The new price of West Coast hematite pig iron is known, but until it is formally sanctioned makers are keeping their books closed. A resumption of business may begin in a few days. Orders in plenty are offered, and it is certain that makers can sell all the iron they have during the whole of next year. Furnaces that have long been to spare during the whole of next year. Furnaces that have long been to spare during the whole of next year. It is stated that at worked at capacity may require reconditioning and it is stated that at least one will be blown out for relining early in January. While the steel-works in Cumberland and North Lancashire will not suffer from diminution of output, consumers in the Midlands, South Wales and Scotland will all be affected for six months, and there is likely to be a scramble, therefore, for the spill-over of the furnaces in draught. The output of low-phosphorus iron is sub-normal for high-class steel manufacture in the Midlands, and

Sales of lead on the London Metal Exchange : 1,050 tons on Monday against 1,950 tons last week; 1,450 tons on Tuesday, against 1,550 tons last week; 800 tons on Wednesday, against 500 tons last week. The New York quotation on Wednesday was 5-00 cents per lb., against 5-00 cents a week ago and 5-50 cents a month ago. Wednesday's official closing quotation in London for soft foreign for shipment during the current month was £16 2s. 8d. to £16 3s. 9d. per ton, compared with £17 6s. 3d. to £17 7s. 6d. last week.

Sales of spelter on the London Metal Exchange : 1,950 tons on Monday against 1,100 tons last week; 1,000 tons on Tuesday, against 1,700 tons last week; 1,150 tons on Wednesday, against 1,750 tons last week. Wednesday's quotation in East St. Louis was 5-50 cents per lb., against

5.75 cents the week before and 5.75 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £15 5s. to £15 6s. 3d. per ton, against £18 2s. 6d. to £18 3s. 9d. last week.

TIN.—Tin fell sharply from £188 to £181 per ton in the earlier part of the week, but recovered on Wednesday to £186. There was some demand both on European and United States account, but it was primarily the improvement in general sentiment which brought about the sharp rally. In the United States tinplate mills are now working at less than 60 per cent. of capacity, while most European tinplate producers are still working at around 80 per cent. of their potential output. Tin is even more dependent on American demand than copper, lead and spelter. The immediate prospects of the metal are not too hopeful, therefore, unless general sentiment improves further and stimulates larger buying by American consumers.

Sales of tin on the London Metal Exchange: 190 tons on Monday against 250 tons last week; 425 tons on Tuesday, against 485 tons last week; 275 tons on Wednesday, against 285 tons last week. The New York quotation on Wednesday was 41.75 cents per lb., against 42.75 cents a week ago and 47.62 cents a month ago. Wednesday's official closing quotation in London for standard cash was £186 to £188 10s. per ton, compared with £188 to £188 10s. a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 2,224 tons, a decrease of 40 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted on Wednesday at £100 per ton, and rolling billets at £102 per ton. Nickel, for home and export, was maintained at £180 to £185 per ton. Quicksilver, on the spot, was £13 to £13 0s. 6d. per flask of 76 lbs., the same as last week. Chinese antimony was quoted at £72 per ton, ex warehouse, as against £73 last week. Chinese wolfram for "November-December" shipment was quoted at 62s. 6d. to 70s. per unit c.i.f., as against 70s. to 75s. last week. Refined platinum was quoted on Wednesday at £8 15s. per ounce, compared with £8 15s. a week earlier.

TEXTILES

COTTON.—Manchester.—There have been further indications of spinners and manufacturers losing ground. Sales have been smaller than production. The holding off policy of buyers in certain quarters has been pronounced. There has not been any distinct change in the raw cotton situation. American ginnings up to November 13th have been given as 14,949,000 bales, against 10,767,000 bales same time last year. Most traders are waiting for more definite news with regard to crop control for next season in the United States. The large quantities of material which are going into the loan are doing something to stabilise prices.

The yarn market has remained slack. Sales are now less than half the production. At a meeting of spinners of Egyptian yarns at the end of this week the question of organised short time is to be considered.

The turnover in cloth for foreign outlets and for the home trade has again been comparatively small. Very few manufacturers have been able to sell current production. Stocks in certain quarters are very harassing. Although a fair amount of inquiry has been experienced for India, transactions worth mentioning have been few and far between. Some makers of printed and dyed cloths have done fairly well for Singapore and Hong Kong. The position in West Africa is causing much anxiety. Owing to the lower prices offered for their produce, the natives are refusing to sell. Piecegoods, therefore, are moving off very slowly and shipments are being stopped. More cases have been mentioned of manufacturers offering quite early delivery for certain styles.

COTTON PRICES

	1937				Corresponding Date	
	Nov. 3	Nov. 10	Nov. 17	Nov. 24	1935	1936
Raw Cotton—Mid. American	d. 4-63	d. 4-63	d. 4-63	d. 4-64	d. 6-73	d. 6-73
" Sakellaridis Fully Good Fair	8-44	8-28	8-17	8-19	10-44	11-85
" Glen Fully Good Fair Egyptian per lb.	7-69	7-25	7-14	7-16	10-44	11-85
Yarns—32's twist	11-11	11-11	11-11	11-11	10-44	11-85
" 40's twist	10-10	10-10	10-10	10-11	11-11	11-11
" 60's twist (Egyptian)	12-17	12-17	12-17	12-17	12-17	12-17
32-in. Printers, 116 yds., 16 by 16, 32's and 40's	s. d. 18 10	s. d. 18 10	s. d. 18 6	s. d. 18 4	s. d. 18 14	s. d. 18 0
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	25 6	25 6	25 0	24 10	25 11	26 8
36-in. ditto, 38 yds., 18 by 18, 10 lb.	10 8	10 9	10 8	10 7	10 6	10 6
36-in. ditto, 37½ yds., 16 by 15, 8½ lb.	9 10	9 10	9 8	9 7	9 6	9 6

The Decline in Cotton Orders.—During the last few weeks there has been a good deal of uneasiness amongst the trade leaders in the Lancashire cotton industry concerning the course of events. Demand for yarn and piecegoods has fallen off very sharply, sales being distinctly smaller than the output. Various reasons have been given for this development, the chief being the fall in raw cotton prices and no signs of an upward movement, unsatisfactory reports with regard to clearances in foreign outlets and in the home trade houses, and increasing foreign competition. In the opinion of some authorities the setback is only temporary. It is significant, however, that the official report on conditions in England in the Quarterly Bulletin of the International Cotton Federation, says, with regard to spinning:—"Due to the uncertain position of the raw cotton situation and other causes, there has, of late, been a scarcity of fresh orders." With regard to the weaving section, it is stated:—"Although cloth production has been comparatively high during the past half-year, it is disquietening to know that the decline in the export trade has not been arrested, most of the improvement having come from the home market. The order book position makes the immediate future seem rather ominous, unless more settled conditions are found and there is a renewal of confidence amongst buyers." One of the most unfortunate developments is that many difficulties are being experienced in completing old contracts as buyers are refusing to accept deliveries. Stocks, therefore, are accumulating at the weaving sheds and also in Manchester warehouses. During the past week there have been unofficial discussions amongst spinners of Egyptian yarns, and it is understood at a meeting to be held in Manchester this Friday the question of

organised short time will be raised. Some mills have recently increased their yarn stocks, and it is suggested that curtailment of output to the extent of one-and-a-half days per week stoppage should be adopted. In forward with the reorganisation scheme of the Joint Committee of Cotton Trade Organisations.

WOOL.—Bradford: During the past two weeks the final series of Colonial sales for the year has been conducted, and its record is the worst it will be interesting to know the actual quantity bought by the different sections of the trade, and the fact that three selling days have been cancelled with lower prices than were generally expected. The majority in the trade forecast good business during August and September, with prices climbing, but the very reverse has occurred. It is known such paralyzing conditions as those which are being experienced distinctly less money being taken than quoted on the day. It is a fact that even to-day some topmakers are asking as much as 29d. for warp 64's, and the usual standard, 26d., has already been taken. Crossbreds, too, have auctions finished yesterday with prices for New Zealand shipes at the lowest point of the year. This is an exceedingly poor outlook for the new selling season in New Zealand which begins to-day (November 27th).

Pastoralists will be called upon to accept prices which seemed impossible at the close of the last selling season at the end of March. There is no improvement to report from manufacturing centres, and a return of confidence is required in order to see trade again normal. The cold weather of the past fortnight has certainly considerably benefited trade in underwear as well as overcoating fabrics.

Decline in Sisal Prices.—Among the commodities which recently experienced a fall in prices is East African sisal. The present quotation for No. 1, at £23 5s. per ton, is £2 15s. lower than several weeks ago and of extensive research work by Colonial institutions with a view to strengthening the position of this Empire fibre against foreign hard fibres, a gradual expansion in the use of sisal, mainly for binder twine and ropes, is taking place in this country. This tendency will be favoured by the fact that East African sisal has recently gained a price advantage over Manila hemp, Mexican henequen, which is mainly marketed in the United States, and of reluctance of trade demand and the disappointing wheat crops during recent years, especially the failure of the crop in some parts of Canada, important outlet for sisal. Moreover, sisal shipments from Tanganyika have been substantially increased this year, while the drop in Mexican exports scarcely affected the British market.

Sisal Shipments (tons)

	1936	1937
Tanganyika, Jan. to June	34,895	39,068
Kenya, Jan. to August	21,756	22,721
Uganda, Jan. to August	1,047	370
Mexico, Jan. to June	50,260	32,265

The expansion of sisal production in East Africa is hampered by the postponement of new planting in the past years caused by the unremunerative price, by labour shortage and unfavourable water conditions. New planting, which has recently been undertaken, will not mature before three to four years, but a substantial increase of output is uncertain even by that time.

GRAIN MARKETS

WHEAT.—Demand has been dull in the period under review and prices have registered a slight decline. The extent of the damage caused to the Argentine crop by recent frosts remains indeterminate, but commercial estimates of the probable output now range from 184 million to 216 million bushels. It seems possible that the Australian crop may exceed the recent estimate of 163 million bushels.

On Wednesday last, "December" futures were quoted in Chicago at 89½ cents per bushel, against 94½ cents the week before and 95½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba (Atlantic), ex ship, 55s. 3d. per 496 lbs., against 55s. 9d. last week; No. 2 Northern Manitoba (Atlantic), ex ship, 53s. 9d., against 54s. 6d. last week. According to the *Corn Trade News*, total shipments of wheat and flour last week amounted to 1,417,000 quarters, against 1,518,000 quarters in the previous week and 1,128,000 quarters in the corresponding week a year ago.

FLOUR.—Following last week's advance prices have relaxed. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 38s. 6d. per 280 lbs., as against 39s. 6d. a week ago; delivered inner London, 38s., as against 39s. a week ago. Manitoba patents, ex store, 37s. to 38s. 6d., as against 39s. to 39s. 6d. a week ago. Australian, ex store, 31s. to 32s., as against 31s. 6d. to 32s. a week ago.

BARLEY.—The market is steady, with prices showing little alteration. "December" futures were quoted at 56½ cents per bushel in Winnipeg on Wednesday, against 58½ cents last week. Quotations for 448 lbs. in London on Wednesday were: "English feed," at farm, not quoted; "English malting," at farm, 50s. to 55s., as against 50s. to 55s. a week ago; Californian, ex ship, 49s. to 54s., as against 45s. to 58s. a week ago; Chilean, brewing, ex ship, 45s. to 48s., as against 45s. to 48s. a week ago.

OATS.—On Wednesday, "December" futures were quoted at 30½ cents per bushel in Chicago, against 30½ cents a week ago and 29½ cents last month. Quotations in London, Wednesday: "English Black," at farm, 26s. 6d. to 27s. per 336 lbs., as against 26s. 6d. to 27s. last week; "English White," at farm, 26s. 6d. to 27s., as against 26s. 6d. to 27s. a week ago; mixed Canadian feed (Vancouver), landed, 25s. 6d. per 320 lbs., as against 25s. 9d. a week ago.

MAIZE.—The market has presented a steady appearance and prices are about unaltered. "December" futures were quoted on Wednesday at 53½ cents per bushel in Chicago, against 55½ cents a week ago, and 58½ cents last month. Quotations in London, Wednesday: "Plate," landed, 30s. per 480 lbs., as against 30s. a week ago; "Plate," ex ship, 29s., as against 29s. a week ago; "Plate," "November," 29s., as against 29s. a week ago; yellow maize meal, ex wharf, was quoted at £7 12s. 6d. per ton, as against £7 12s. 6d. last week.

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

NEAREST FUTURE	Jan. 2, 1935	Dec. 31, 1935	Nov. 25, 1936	Dec. 30, 1936	Nov. 17, 1937	Nov. 24, 1937
Winnipeg (No. 1, Manitoba)	82½	84½	105½	129	118½	110½
Chicago (No. 2, Winter)	98½	101½	117½	135½	94½	89½

The visible supply of wheat in Canada amounts to 69,818,000 bushels, against 72,868,000 bushels last week and 76,611,000 bushels in the corresponding week last year.

SALES AND PRICES OF BRITISH CEREALS.—The following table gives the estimated sale of home-grown wheat during the harvest years 1934-35 to 1937-38.

	1934-35	1935-36	1936-37	1937-38
Estimated sales of home-grown wheat—	Cwts.	Cwts.	Cwts.	Cwts.
1 week to November 20	322,498	381,557	293,522	279,629
11 weeks to November 20	5,457,764	5,528,197	4,379,207	4,493,424
	s. d.	s. d.	s. d.	s. d.
Average price of English wheat per cwt.	4 11	5 9	8 6	8 11

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

Week ended	Quantities Sold			Average Price per Cwt.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
	Cwts.	Cwts.	Cwts.	s. d.	s. d.	s. d.
November 18, 1933 ..	257,789	450,315	45,960	4 7	9 4	5 5
November 17, 1934 ..	322,498	357,681	48,540	4 11	8 5	8 0
November 23, 1935 ..	381,557	394,130	63,106	5 9	8 5	6 10
November 21, 1936 ..	293,522	456,238	61,621	8 6	9 8	8 6
November 13, 1937 ..	308,469	537,275	53,605	8 11	13 0	8 6
November 20, 1937 ..	279,629	454,306	63,491	8 11	12 11	8 6

OTHER FOODS

BACON.—The market has been steady to firm. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 95s.; Canadian, 100s.; Danish, 92s.; against 91s., 83s., and 90s. last week. Arrivals in 85s.; London last week included: Danish, 15,067 bales; Canadian, 7,377; Dutch, 2,407; Lithuanian, 1,429; and Polish, 3,187; as against 12,058, 7,077, 2,379, 1,068 and 2,784 bales, respectively, in the previous week.

BUTTER.—With increasing supplies, the market has been slow and prices have eased. Quotations (per cwt.) on the London Provision Exchange on Monday were: New Zealand, finest salted, 114s.; Australian, choicest salted, 112s.; Danish, 142s.; compared with 131s. to 132s.; 128s. to 130s., and 150s., respectively, a week ago.

CHEESE.—New Zealand was easier, with other sorts showing little alteration. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English Cheddars, finest farmers, 92s. to 94s.; Canadian, finest coloured, 73s. to 74s.; and New Zealand, finest coloured, 68s.; against 92s. to 94s., 73s. to 74s., and 70s. to 70s. 6d., respectively, a week ago.

COCOA.—The spot quotation in New York on Wednesday was 5½ cents per lb., as against 5½ cents per lb. last week. In London, on Wednesday last, good fermented new crop, Accra, "December-February," was quoted at 24s. 9d. to 25s. 3d. sellers per 50 kilos, c.i.f. Continent, against 26s. 3d. a week ago. Last week's movements of cocoa in London were as follows: a week ago, 4,048 bags; delivered for home consumption, 4,541 bags; exported, 4,048 bags; stocks, 152,167 bags, against 111,250 bags a year ago.

COFFEE.—Prices are easier. On Wednesday, Rio No. 7 (cash) was 6½ cents per lb. in New York, as compared with 6½ last week and 8½ a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 23 cwt.; delivered for home consumption, 45 cwt.; exports, nil; stocks, 1,658 cwt., against 9,462 a year ago. Central and other South American: Landed, 684 cwt.; delivered, for home consumption, 2,084 cwt.; exported, 229 cwt.; stocks, 68,729 cwt., against 55,225 cwt. last year. Other kinds: Landed, 1,054 cwt.; delivered for home consumption, 2,776 cwt.; exported, 59 cwt.; stocks, 61,041 cwt., against 87,028 last year.

EGGS.—With the continuance of cold weather the market has remained firm and prices are now above the level of a week ago. A seasonal decline of prices should occur in the near future. At Smithfield, on Wednesday, English (ordinary packing, Grade 1, about 15-15½ lb.) realised 24s. to 25s. per 120, against 23s. to 24s. last week; while Danish (15½ lb.) made 16s. to 16s. 6d.; as against 15s. 6d. to 16s. last week.

FRUIT.—Business at Covent Garden has been seasonally quiet, states *The Fruitgrower*, but values generally are maintained at a reasonable level. The apple trade is steady and, notwithstanding heavy imports, quotations hold up well. The inquiry for pears continues quite good, and both house and export are steady. Belgian and Dutch grapes hold their price. Business in nuts is fairly active and prices for English cobs and walnuts are

firm. Brazils are a point easier, but are still relatively dear. There are large supplies of Italian chestnuts. Citrus fruits are not moving quite so well as previously and are rather lower in price generally.

MEAT.—At Smithfield Market on Wednesday last, Argentine chilled hindquarters were quoted at 4s. 2d. to 4s. 5d. per 8 lb., as compared with 4s. 4d. to 4s. 8d. a week ago. New Zealand frozen mutton was 2s. 8d. to 3s. 10d. per 8 lb., as against 2s. 8d. to 4s. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 9,521 tons, a decrease of 280 tons on the corresponding week last year. Beef and veal accounted for 4,905 tons, mutton and lamb 2,593, and pork and bacon 965, as compared with 5,098, 2,515 and 1,159 tons, respectively, in the same week of 1936.

PEPPER.—On Wednesday, white Muntok, "November-December," was quoted at 3½d. per lb. sellers, c.i.f. Rotterdam-Hamburg, against 3½d. per lb. a week earlier. Black Lampung, spot, in bonds, was quoted at 2½d. per lb. sellers, compared with 2½d. per lb. last week. Movements of pepper in London last week were as follows: Black landed, 5 tons; delivered, 2 tons; stocks, 1,974, against 1,781 last year. White, landed, 20 tons; delivered, 81 tons; stocks, 11,135 tons, compared with 11,785 tons a year ago.

RICE.—The spot price of Burma No. 2 cleaned was 11s. 3d. per cwt. ex warehouse, on Wednesday, as compared with 11s. 3d. per cwt. a week ago. "January-February" (new), in singles to Continent and U.K., was quoted at 9s. per cwt., against 9s. to 9s. 3d. for "November-December" last week. Movements in London last week were as follows: Landed, 10 tons; delivered, 106 tons; stocks, 1,008 tons, against 1,953 tons a year ago.

SUGAR.—The London and New York markets continue to diverge. In the former centre prices declined in a dull market, but in New York a further rise occurred. The New York spot quotation was 3.38 cents on Wednesday, as compared with 3.32 cents per lb. last week and 3.17 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "December" delivery at 5s. 8½d. to 5s. 9½d., against 5s. 11½d. to 6s. 0½d. a week ago. Movements of raw sugar in public warehouses in London and Liverpool last week were as follows: Imports, 25,599 tons, against 8,713 in the previous week and 22,047 in the same week of 1936; deliveries, 15,930 tons, against 15,893 and 15,837 tons, respectively; stocks, 195,559 tons, against 185,890 and 139,876 tons, respectively.

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

Week ended	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
	d.	d.	d.	d.	d.	d.	d.
Nov. 19, 1936	12-69	12-27	14-72	11-58	10-24	12-07	13 12
Oct. 28, 1937	15-75	15-49	16-64	15-16	13-12	14-58	15-90
Nov. 4, "	15-32	15-46	16-48	14-41	12-36	14-57	15-54
" 11, "	15-05	15-00	16-00	14-09	12-86	14-14	15-21
" 18, "	14-68	14-84	15-65	13-48	12-35	14-08	14-87

At this week's public auctions in Mincing Lane, 53,561 packages of Indian and 21,816 packages of Ceylon tea came up for disposal. The market had an irregular tone and was easier generally.

VEGETABLES.—According to *The Fruitgrower's* Covent Garden report, the mention of watercress in connection with the typhoid epidemic has brought trade in this commodity almost to a standstill, though it is claimed that all consignments sold at Covent Garden are free from any kind of contamination. Meanwhile, most lines of kitchen vegetables are in better demand. Plenty of cabbage and sprouts are available, but cauliflowers are in much shorter supply. English and Guernsey tomatoes are finishing, but Canary Island are receiving more attention. Lettuce is a fair trade and celery sells well. House grown beans hold their price and mushrooms are well maintained. Ample supplies of potatoes at London markets have encountered a steady trade at unchanged prices. At the Borough on Tuesday, best siltland King Edward again sold at 6s. to 7s. per cwt., ex market.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OLSEEDS.—Markets generally are dull with very little buying interest. Demand for linseed is negligible, but there is no marked pressure on the part of shippers to sell and with supplies on the light side late prices are about maintained. A quantity of unsold Indian seed afloat has been cleared off the market. The main interest now is in the position in Argentina. Reports last week of serious damage by frost to the new crop were confirmed, while the official report later indicated that the prospects remain good and that harvesting had commenced in some of the northern sections but would not become general until early in December. Meanwhile, shipment of the balance of the old crop proceeds apace and it has now been reduced to 60,000 tons (including Uruguay). India, however, is computed to have available about 100,000 tons for export to the end of March next year. The quantity of linseed afloat for Europe is 130,500 tons or rather more in the week and this includes 14,300 tons from India. Cottonseed has continued to decline and for black Egyptians to Hull down to £5 5s., it is reported, has been accepted for November loading. Later positions are at a fair premium. The record supplies in America are an important factor in the present fall in prices which are now at the lowest level for some years.

Trade in vegetable oils is of a desultory character, demand being poor and prices easier. Linseed oil is barely steady and below the highest of last week. Cotton oil has lost further ground; refined, ex Hull, is now offered at £21 per ton, naked, for prompt delivery. The demand for oil cakes continues to improve.

RUBBER.—After declining to 6½d. per lb. the market scored a recovery and closed on Wednesday with prices about unaltered, compared with those ruling a week earlier. Attention is now centred on next Tuesday's meeting of the International Committee, when it is expected that a cut in the exportable quotas will be recommended. The spot price in New York on Wednesday was 14½ cents per lb., compared with 14½ cents per lb. a week ago and 14½ cents a month ago. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 7d. per lb., as against 7d. on the corresponding day last week. In forward positions business has been done at 7d. to 7½d. for "January" shipments, as against 7d. to 7½d. for "January-March." Stocks in London and Liverpool at the end of last week totalled 53,411 tons, against 52,064 tons a week earlier. A year ago stocks amounted to 91,568 tons.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM: LONDON, November 24th

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

CEREALS AND MEAT			
GRAIN, Etc.—			
Wheat—			
No. 2, N. Man. 496 lb.	53 9		
Eng. Gaz. av., per cwt.	8 11		
Barley, Eng. Gaz. av.	12 11		
Oats—			
480 lb. "Plate," landed	8 6		
Flour, Lon. stan. ex mill,			
280 lb.	36 9		
Rice No. 2 Burma, per cwt.	9 0		
MEAT—			
Beef, per 8 lbs.—			
English long sides	4 4	5 2	
Argentine chilled hinds	4 2	4 5	
Mutton, per 8 lbs.—			
English wethers	5 0	5 8	
N.Z. frozen	2 8	3 10	
Lamb, per 8 lbs.—			
N.Z. frozen	5 0	5 6	
Pork, English, per 8 lbs.	6 6	7 6	
OTHER FOODS			
BACON—			
English, per cwt.	95 0		
Irish	87 0	98 0	
Danish	92 0		
Dutch	88 0		
HAMS—			
Canadian	90 0	92 0	
United States	86 0	90 0	
BUTTER—			
Australian	112 0		
New Zealand	114 0		
Danish	142 0		
CHEESE—			
Canadian, per cwt.	73 0	74 0	
New Zealand	68 0		
English Cheddars	92 0	94 0	
Dutch	62 0	69 0	
COCOA—			
(Duty, British grown,			
11/8; foreign, 14/- cwt.)			
Accra, I.	25 6		
Trinidad	50 0	62 0	
Grenada	52 0	54 0	
COFFEE—			
(Duty, British grown,			
4/6; foreign, 14/- cwt.)			
Santos sup. c. & f. cwt.	34 0		
Colombian, good	45 0	55 0	
Costa Rica, med. to good	50 0	80 0	
East Indian	62 0	82 0	
Kanya, medium	48 0	62 0	
EGGS—			
English	per 120	24 0	25 0
Danish		16 0	16 6
FRUIT—Oranges—			
S. African	boxes	9 6	14 3
Brazilian	boxes	10 0	13 9
Lamons, Malaga	cases	8 0	9 6
Sicilian	boxes	10 0	11 0
Apples: Amer. (var.) brls.	20 0	25 0	
" (var.) boxes	8 0	10 0	
Australian			
Onions—			
Valencia, case	13 0	14 0	
Egyptian, bags			
Grapes, Almeria, barrels	10 0	25 0	
Grapefruit, Brazilian			
" S. African			
" Jaffa	10 0	12 6	
LARD—			
Irish, finest bladders	70 0	75 0	
U.S.	per cwt.	55 0	55 6
POTATOES—			
King Edward (per cwt.)	6 0	7 0	
Other English	4 0	5 0	
SPICES—			
Pepper, per lb.—			
Black Lampong	0 2 1		
White Muntok	0 3 1		
Cinnamon—1st sort, per lb.	0 8 1		
Cloves—Zanzibar, per lb.	0 8 1		
Ginger—per cwt.—			
African	56 0		
Jamaica, ord. to good	63 0	90 0	
Mace	2 0	2 6	
Nutmegs, 65's	1 2		
SUGAR—			
(Duty, 11/8 per cwt.)			
Centrifugals, 96%, prpt.			
shipm., c.f.f. U.K./Cont.	5 9		
B.W.I., crystallised	18 6	20 0	
Java, white, c. & f. India			
Oct-Dec	Nominal		
Raffinose—London—			
Yellow Crystals	19 4 1	24 7 1	
Cubes	21 10 1		
Crushed	19 9	21 7 1	
Granulated	19 7 1	19 10 1	
Home Grown			
TEA—			
Indian—per lb.—			
Pekoe	1 1 1	1 3	
Broken Pekoe	1 1 1	1 3	
Orange Pekoe	1 1 1	2 2	
Broken Orange Pekoe	1 1 1	2 6 1	
Ceylon—per lb.—			
Pekoe	1 2	1 8 1	
Broken Pekoe	1 2	1 4	
Orange Pekoe	1 1 1	1 6	
Broken Orange	1 2 1	2 0 1	
TOBACCO—			
(Duty, 9/8-10/6 per lb.)			
Empire growth, 7/5 1/2			
8/5 1/2 per lb.			
Virginia leaf—			
Common to fine	0 8	2 6	
Rhodensian leaf	0 9	1 10	
Nyasaland leaf	0 7	1 4	
Stripes	0 9	1 6	
East Indian leaf	0 7	1 10	
" stripes	0 6	1 9	
TEXTILES			
COTTON—			
Mid-American	per lb.	4 6 4	
Sakelardie, Lg. 4		8 1 8	
Yarns, 32's twist		11 1	
" 60's twist		17 1	
FLAX—			
Livonian ZK	per ton	65 0	
Pernau HD		65 0	
Silastic Medium, 1st sort		76 0	
HEMP—			
Italian P.C.	per ton	69 0	
Manilla, Nov.-Jan. "J2"		30 0	
Sisal, African		21 0	23 0
JUTE—			
Native 1st mks	per ton		
c.f.f. H.A.R.B.			
Daisce 2/3 c.f.f. Dundee		120/10/0	
Nov-Dec		119/5/0	
SILK—			
Canton	per lb.	nom.	
Tussah		nom.	
Japan		6 6	7 3
Italian—raw, fr. Milan		8 6	
WOOL—			
English Southdown, greasy, per lb.	16		
Lincoln hog, washed	15 1		
Queensland, scd, super combg.	25		
N.S.W. greasy, super combg.	14		
N.Z., gray, half-bred 50-56	13		
Crossbred 40-44	11 1		
Top—			
Merino 70's average	28		
64's	27		
Crossbred 48's	17		
" 46's	16		
MINERALS			
COAL—			
Welsh, best Ad'ty, ton	10 6	22 6	
Durham, best gas, f.o.b.			
Tyne	22 6		
Sheffield, best house, at			
plate	22 0	24 0	
IRON AND STEEL—			
Pig, Cleveland No. 8, d/d.			
ton 108 0			
Bars, M'brough	265 0		
Steel rails, heavy	202 6		
Tin plates	23 0	23 6	
METALS—			
Copper, Electrolytic, ton	42/0/0	44/0/0	
Sheets (Strong)	75/0/0		
Standard	37/18/8	37/18/8	
Lead, Eng. pig, per ton	17/10/0		
Soft foreign	16/2/6	16/3/8	
Spelter G.O.B.	15/5/0	15/6/8	
Tin—English ingots	157/10/0		
Standard cash	156/0/0	156/10/0	
MISCELLANEOUS			
CHEMICALS—			
Acid, citric, per lb., less 5%	1 0	1 0 1/4	
Nitric	0 2	0 8	
Oxalic, net	0 8	0 8	
Tartaric English, less 5%	1 1	1 1 1/4	
Alcohol, Plain Ethyl.	12 0		
Alum, lump	per ton	10 8	15
Ammonia, carb.	ton	28 0	21 0
Sulphate	7/8/0	7/9/8	
Arsenic, lump	per ton	35 0	
Bleaching powder, per ton	8 15	9 0	
Borax, gran.	per cwt.	13 6	
Do., powder		15 0	
Nitrate of soda	per cwt.	8 0	
Potash—Chlorate, net		0 4	0 4 1/2
Sulphate	per cwt.	10 0	11 0
Soda Bicarb.	per cwt.	10 0	11 0
Crystals	per cwt.	6 0	4 8
Sulphate of Copper, per ton	119 0	119 10	
CEMENT, best Eng Portland, d/d, site,			
London area, jute sacks, 11 to ton			
(charged and credited at 1/6d. each) or			
paper bags 20 to ton (free, non-return-			
able)			
4-ton loads and upwards 30/- per ton			
1 and up to 4-ton loads 41/- per ton			
COPRA—			
S.D. Straits c.f.f., per ton	13/13/0		
DRUGS—			
Camphor			
Japan, refined	per lb.	2 4	
Ipecacuanha	per lb.	8 3	
HIDES—			
Wet salted—Australian			
per lb.	0 5 1/2	0 5 1/2	
West Indian	0 3 1/2	0 3 1/2	

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

UNITED STATES

New York quotations unless otherwise stated

	Nov. 25, 1936	Oct. 27, 1937	Nov. 17, 1937	Nov. 24, 1937
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	117 1/2	95 1/2	94 1/2	89 1/2
Maize, nearest future, Chicago, per bushel	105 1/2	58 1/2	55 1/2	53 1/2
Oats, nearest future, Chicago, per bushel	45 1/2	29 1/2	30 1/2	30 1/2
Rye, nearest future, Chicago, per bushel	95	73 1/2	73 1/2	67 1/2
Barley, nearest future, Chicago, per bushel	87 1/2	(a)	(a)	(a)
Coffee, Rio No. 7, cash, per lb.	8 1/2	8 1/2	6 1/2	6 1/2
" Santos No. 4, cash per lb.	10 1/2	11	8 1/2	8 1/2
Cocoa, Accra, nearest future, per lb.	9.83	5.90	5.56	5.07
(a) Nominal				
Sugar, Cuban Centrifugals, 96 deg., spot, per lb.				
Cotton, middling, spot, per lb.				
Rubber, smoked sheet, spot, per lb.				
Petroleum, Mid-continent crude 33 deg., to 33-90, at well, per barrel	18 1/2	14 1/2	14 1/2	14 1/2
Copper, "Electrolytic," Domestic, spot, per lb.	104	116	116	116
Copper, "Electrolytic," Export prompt, per lb.	10.45	10.57 1/2	10.02 1/2	9.57 1/2
Spelter, East St. Louis, spot, per lb.	10.17 1/2	10.80	10.25	9.80
Lead, spot, per lb.	5.05	5.75	5.75	5.50
Tin, "Straits," spot, per lb.	52.50	57.62 1/2	42.75	41.75

THE ECONOMIST

Vol. CXXIX

DECEMBER 4, 1937

No. 4919

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L'Entente Cordiale

THERE can be no reasonable doubt about the success of the talks that took place in London on Monday and Tuesday between MM. CHAUTEPS and DELBOS and the British Ministers. The British and French participants show all the signs of being equally well pleased; and in Italy as well as Germany, the first reaction of the Governments, as far as can be seen by the comments in the Press, has been not unfavourable. This reception of the communiqué by the two European partners in the Triangle is satisfactory, for the Anglo-French insistence on a general settlement rather than the isolated treatment of individual problems might in other circumstances have provoked an explosion. But this time, happily, it seems to have met with no more than formal deprecation in Rome and Berlin. It is not too much to hope that this indicates a willingness on the Central Powers' part to contemplate an agreed settlement.

The communiqué which the PRIME MINISTER read to the House of Commons on Tuesday afternoon sets out clearly the main topics of the Anglo-French discussion and also its general tendency.

The proceedings began with a report from LORD HALIFAX on the results of his mission to Germany; and it is now possible to infer that, at any rate on the colonial question, HERR HITLER gave him a more definite idea of Germany's desires than might have appeared from earlier accounts of what passed at Berchtesgaden. The statesmen then embarked on a discussion of "the problems of Europe as a whole" and "the future prospects of appeasement and disarmament." This re-emergence of the disarmament question from cold storage is as welcome as it is surprising. It testifies to the firmness of the two Western Powers, and

at the same time to their optimism. On the one hand, the concessions to the Central Powers, which they are now contemplating in a wide field, are not going to be made simply to purchase a few more months of a peace without assurances or prospects. They are only going to be made as part of a general settlement

the French statesmen "were happy to note the common interests of the two Governments in the maintenance of peaceful conditions in those parts of Europe." Evidently MM. CHAUTEMPS and DELBOS were as agreeably impressed at first hand as outside observers are at second hand with the absence of any suggestion on the British side that the two Western Powers should buy a reprieve by throwing their friends in Central and Eastern Europe to the wolves. Such a policy, it cannot be too often repeated, would be just as suicidal as it would be dishonourable. With our own hands we should be breaking up the last remaining foundations of international law and order, and in the act we should be inviting Germany to achieve a position of supremacy on our continent in which she would have all West Europe at her mercy. On this crucial issue, which concerns the very independence of the United Kingdom, at least one section of His Majesty's present Government in the United Kingdom has been reported for some years past to be dangerously infirm of purpose. But the communiqué is definitely reassuring. German policy has succeeded in bringing the colonial and European questions into close relation. But instead of conceding Europe to Germany to save the colonies, as was feared in some quarters, the British Government looks like making colonial concessions to save Europe. It is the more difficult, but incomparably the wiser policy.

After referring to the Spanish question with mutual congratulations upon the success of the policy of non-intervention, and to the Far Eastern conflict with very much less complacent feelings, the communiqué ends with a final paragraph which is not the least important part of it; for in this skilfully worded sentence the French and British statesmen have committed themselves to the twofold general aim of abiding by the principles of international solidarity which are implicit in the Covenant of the League, while doing their utmost to make it possible for the Triangle Powers to feel at home in an international system of law and order. "While in no way departing from their previously expressed conception of international collaboration, they reaffirmed the desire of their Governments to co-operate

with all countries in the common task of promoting international appeasement by methods of free and peaceful negotiation."

In reading this document to the House of Commons, the PRIME MINISTER added the clear statement that the two Governments had a general settlement as their ultimate object, and that they did not intend to confine the negotiations for such a settlement to three or four Great Powers. It is thus clearly intended that the Anglo-French meeting shall serve as a new initiative for general and collective European appeasement. For the moment it is no more than an initiative, and optimism must wait upon the response which it evokes from Germany and Italy. But there are at least two reasons for hopefulness. The first is that, at last, after so many months of dangerous drift and of apathy that was beginning to turn to fatalism, a new effort is to be made. The second is that the new effort is to be made along the lines which promise most success. The British and French might have rejected all thought of concessions, as they have done so often in the past. Or they might have made haste to pay whatever price was demanded for a few more months of peace, without any assurances for the future. Both policies have their advocates in Britain and France. But either one would be disastrous. MR CHAMBERLAIN and M. CHAUTEMPS, MR EDEN and M. DELBOS are to be very sincerely congratulated on firmly maintaining the middle course which alone has in it the seeds of safety—the course of showing willingness to concede Germany's just and reasonable demands for expansion in return for German concessions to our just and reasonable demands for security.

The future of this very promising new initiative lies entirely with Berlin and Rome. Intransigence there can easily bar the road to progress. But Britain and France have shown that they do not stand in the way. It is not very often since the Armistice that Britain and France have managed to put themselves completely in the right. This time we believe they have succeeded. And they have done so without putting Italy and Germany in the wrong—for only their own actions can do that.

Parliament and Population

THE debate which took place in the House of Commons on Monday of this week on the second reading of the Population (Statistics) Bill showed the House of Commons at its best and at its worst in a single evening. What was gratifying about the debate was to find the House in an independent mood, refusing to be impressed with the slipshod advocacy of the Front Bench and listening with respect to a member whose position in the House owes everything to his personal qualities and nothing to any form of party preferment. This is the brighter side of the medal. But there is plenty on the other side to exasperate the onlooker. For the brilliant speech by an independent back-bencher which dominated the debate was as wrong-headed as it was witty, as irrelevant to the real purposes of the Bill as it was devastating in form. And the MINISTER OF HEALTH, though he was diffuse, obscure and evasive, was in reality sponsoring a small, but very necessary and quite harmless reform.

The matter with which the Bill is concerned is not by any means one of vital importance. But it is gradually coming to be realised that an enormous influence will be exercised on the economic and social life of the nation in the next few decades by the trend of the population. The state of our vital statistics is such that we are unable even to say accurately what is happening to our popu-

lation at the moment, and attempts to foreshadow what is likely to happen to it in the future have to be based on assumptions which are precarious and statistics which are imperfect. It would seem to be so obvious as to need no argument that these defects in the vital statistics should be remedied. This was the genesis of the Population (Statistics) Bill.

It was the duty of the MINISTER and his advisers to decide upon the best method of filling the statistical gaps. On the one hand, the nature of the information needed and the methods of using it resembled those of the regular decennial census. On the other hand, a continuous supply of information was needed, such as the hierarchy of registrars is already accustomed to collect. Consequently it was decided, with both logic and commonsense, to amalgamate the two procedures. The registrars were to collect the facts from those people who are already under legal obligation to register. But the procedure for defining the questions to be asked and for ensuring their confidential character was borrowed from the legal framework of the census.

The Bill clearly reveals its parentage. Almost every clause in it is closely modelled on precedent. As in the Census Acts, power is given to issue Orders-in-Council calling for certain information, and a Schedule is appended to the Bill listing the subjects from which the

Order can select. The Schedule follows precedent with slavish exactness by concluding with the item "any other matter with respect to which it is desirable to obtain statistical information with a view to ascertaining the social or civil condition of the population."

It may or may not be sound practice to legislate by means of Enabling Acts of this nature. It may or may not be unwise to include such a generous and elastic Schedule when everybody knows that in fact only a few of the more vital questions will actually be asked. But neither the civil servants nor the MINISTER can reasonably be blamed for following a precedent which has worked, not merely with administrative smoothness but without a murmur of popular complaint. Moreover, the Parliamentary time-table being as crowded as it is, it is prudent to look ahead and provide the possibility of making further improvements in the vital statistics in the future without waiting for the opportunity to pass an Act of Parliament. The Bill, in short, was probably regarded as a departmental measure which would not excite much comment. As such, it was no better and no worse than most products of the Parliamentary draftsmen.

It is, however, undeniably true that the Bill and the Schedule as drafted could be made to look both sinister and silly if anybody should take it into his head to object. And MR KINGSLEY GRIFFITH did take it into his head to object. He enlisted the support of MR A. P. HERBERT, and they were abetted at the last moment by the Labour Party. MR HERBERT succeeded, in fact, in poking more uproarious fun at this Bill than the Mother of Parliaments has probably ever before heard within a single hour, and his speech reduced the MINISTER's person to ridicule and his majority to an exiguous figure. But for all the brilliance of his performance, it was very obvious that MR HERBERT did not know what he was talking about. Stripped of its humour and its questionable personalities, his speech consisted of three assertions, each of them patently fallacious. His first contention was that the Bill "puts the wrong questions to the wrong people," because it seeks to find out why there are not more babies by asking questions of those who have just had babies, rather than of those who have not. But the Bill does not attempt to probe the reasons for the fall in the birth-rate; no statistics can do that. It merely attempts to establish the facts about the actual fertility of the population of the country from year to year; and the way to do that is to collect information about the parents, and especially the mothers, of the babies who are born. One particularly vital fact, for example, is the age of the mother at the birth of her child. Once we know that, we can calculate how many children are born to the average woman in her lifetime, and this figure—the so-called net reproduction rate—is the key to the whole estimation of future population.

Secondly, MR HERBERT alleged that the correct pro-

cedure was to hold a special census, which was apparently not to be repeated. In fact, so far as the population problem is concerned, a special census would mean the expenditure of a great deal of money and trouble to collect information, most of which would be of little assistance. And at the end of it we should know only what the position is in 1937, and it would be impossible to observe the development of trends, which is far more important than the ascertainment of the present position. Thirdly, MR HERBERT asserted that the existing reports of the Registrar-General supplied all the information necessary. "We have, in fact," he said, "all we want to know." This is simply not true. Can it be that MR HERBERT has not even appreciated the elementary, but vital, distinction between crude birth rates and true fertility rates or reproduction rates? The birth-rate relates the number of births to the total population. But children can only be born to women between the ages of, roughly, 15 and 45, while the total population consists of men, women and children of all ages and in varying proportions. The really fundamental fact is the net reproduction rate, and that cannot be calculated from the existing figures.

MR HERBERT'S errors of fact were thus glaring. But unfortunately the House of Commons was apparently laughing so hard that nobody could be found to expose them. As a result, the impression has been allowed to be created that he made out a strong case against the Bill, which is even said to be in danger of being dropped. It would be a very great pity if it were abandoned, for it would not only be the surrender of a useful and harmless measure to criticism which is no less captious for being clothed in humour, but the whole subject would be placed on the list of matters which no Government dare touch, and the whole study of the problem of population would be handicapped for an indefinite period by ignorance of the facts.

It is, in any case, inevitable that the Bill should be severely amended in Committee. But it is to be hoped that the responsible members of the Committee, of whatever party, will see that the really vital questions are left in the Bill. They are not many in number: the most important are the age of the mother, the date and place of her marriage, and the number of her previous children. But these, and perhaps one or two more, it is essential to have. The usefulness of the figures will be diminished if the same questions cannot be asked to the unmarried as to the married mother. But the MINISTER has already promised to consider a concession on this point, which is one on which sentimental arguments can be most effectively mobilised. This question apart, there is reason to hope that the Opposition will co-operate with the MINISTER in salvaging the vital remnants and ensuring that the mischief done on Monday does not lead to a triumph of obscurantism.

Commodity Prices and Prosperity

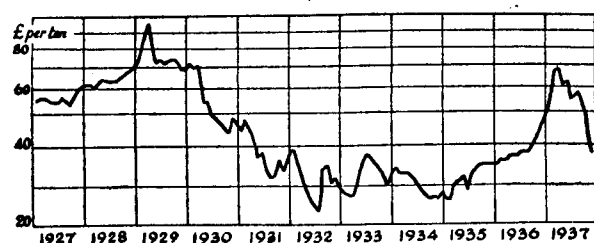
PRIMARY products have been much in the limelight of late. The persistent demands of Germany, Italy and Japan have placed the question of "free access" to raw materials in the forefront of international political discussions. The headlong decline of prices since the end of last March has focussed attention on the special position of primary products in the world's economy. The political aspect of primary products—which is largely a function of the geographical distribution of material resources—was exhaustively examined by a Special Committee of the League of Nations in a Report* published last September. But, while the position of individual commodities is receiving extensive publicity, the international economic aspect of the violent fluctuations of the prices of primary products deserves closer study. We propose, therefore, to draw attention to the nature of some of the factors influencing the supply of and demand for primary products in the light of recent experience, and to examine some of the special problems to which they give rise to-day.

We may begin with the enunciation of the truism that the economic progress of the modern world is largely based on an increasing supply of cheap raw materials and crude foodstuffs and on technical improvements in

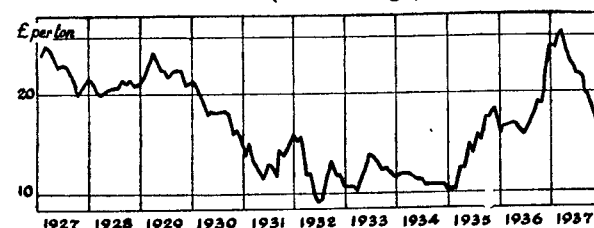
* "Report of the Committee for the Study of the Problem of Raw Materials." Allen and Unwin. Price 2s.

RAW MATERIAL PRICES

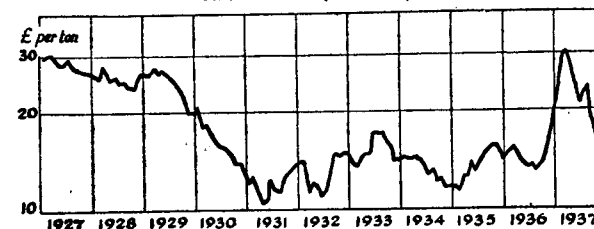
COPPER (Standard)



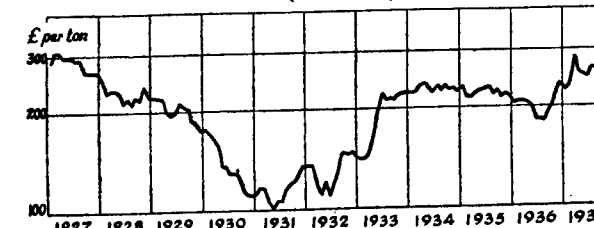
LEAD (Soft Foreign)



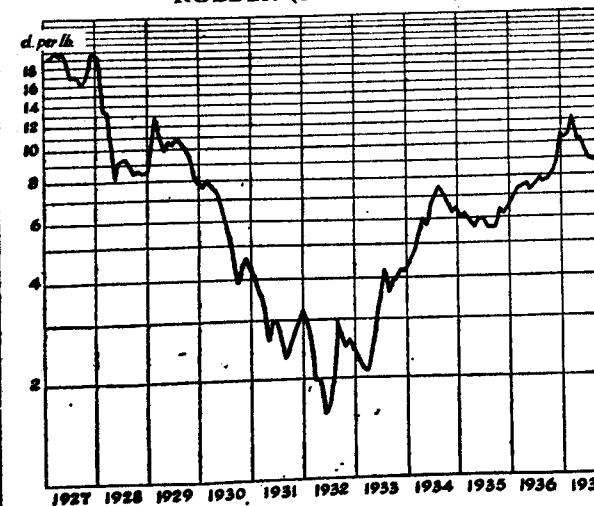
SPELTER (G.O.B.)



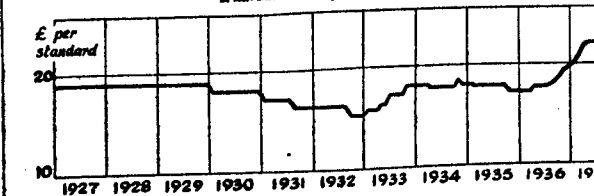
TIN (Standard)



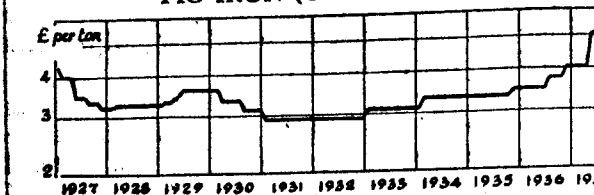
RUBBER (Smoked Sheet)



TIMBER (Swedish)



PIG IRON (Cleveland No. 3)



their utilisation. Moreover, the fortunes of the considerable section of the world's population which is engaged in the conversion of primary products into manufactures, and in their distribution, are inextricably bound up with the prosperity of the producers of raw materials and foodstuffs. For example, no less than 60 per cent. of the total value of all the trade which crosses international frontiers is normally concerned with raw materials and semi-finished products. Calculated on the basis of the League of Nations' estimates, the value of international trade in these materials and products fell from £8,500 millions in 1929 to £4,550 millions in 1933, and rose to £5,100 millions in 1935 and £5,400 millions in 1936. By the magnitude of the world's exports of these products it is easy to understand why marked variations of their prices are accompanied by considerable changes in the value of international trade and in the economic fortunes of the world as a whole.

An abundant supply of raw materials, in short, is the springboard of economic progress. To ensure its availability is clearly a task of transcendent importance, and one way of ensuring it is to see that producers of materials and foodstuffs receive adequate remuneration, year by year. This last condition, however, has hitherto been unattainable by producers of some of the most important materials, like wheat, rubber, cotton, copper and tin; for the prices of these essential commodities have shown wide and disturbing fluctuations. Instability of price, it is true, has not prevented a phenomenal increase in the volume of raw material and foodstuff production since the beginning of this century. But it has involved both producers and consumers in recurrent crises whose effects—financial, political and even social—have been regrettably far reaching. Both the hectic rise and the catastrophic fall of commodity prices during the current year have demonstrated the persistence of this condition of fundamental instability, and to elucidate its causes has become one of the most urgent problems of our time.

The sequence of events, both in times of boom and of slump, has in fact a well-defined pattern. In contrast to manufacturing operations, the output of many primary products cannot readily be adjusted to changes in demand. Consequently, stocks tend to accumulate during periods of falling demand, and prices show a tendency to decline to a level which is unprofitable for many producers. The same short-term inelasticity of supplies causes an inordinate rise in prices during periods of recovery, which, by stimulating production, ultimately leads to a fresh decline in prices. This instability tends to aggravate fluctuations in world economic activity due to other causes. These tendencies are illustrated in the diagram we have reproduced at the head of page 462. The chart shows the trend of world production, stocks and sterling prices of primary products in recent years. The annual indices of production and quarterly indices of stocks are those calculated by the League of Nations, converted to the 1929 basis. The trend of prices is shown on the basis of *The Economist* Index of Primary Products (September 18, 1931 = 100). In order to show the movement of prices between 1929 and September, 1931, we have calculated this index back to January, 1930, basing it on January, 1929.

Production, it will be seen, showed a comparatively small decline during the depression, and has since surpassed the 1929 level. The inelasticity of output, however, at first caused the accumulation of heavy stocks, and an equally marked fall in prices, followed by a reverse movement during recovery. Movements of stocks and prices, indeed, show a fairly close inverse correlation during the whole period between 1929 and early 1937. Since the spring of this year, however, prices have again taken a sharp downward turn, partly

because the production of the majority of commodities was again tending to outpace demand, and, more recently, because of the decline of American demand during the past few months. The turning point of the cycle of prices for primary products appears to have been reached again.

In order to illustrate the instability of the prices of individual materials, we have prepared a series of diagrams showing the trend of quotations of 14 important commodities monthly from January, 1927. As all these diagrams have been drawn on a logarithmic scale, the relative movements which they reveal are directly comparable. As will be seen, all of these commodities, with the exception of pig iron, have suffered violent fluctuations in prices during the past 10 years, though the extent of the movement has varied from commodity to commodity. All of them (again with the exception of pig iron, which, for various reasons, does not come into the category of internationally traded raw materials with a free market) declined sharply in price during the depression, and subsequently showed an equally steep recovery, though there was no precise coincidence in time. Most of these materials, however, have already lost a substantial part of their earlier improvement.

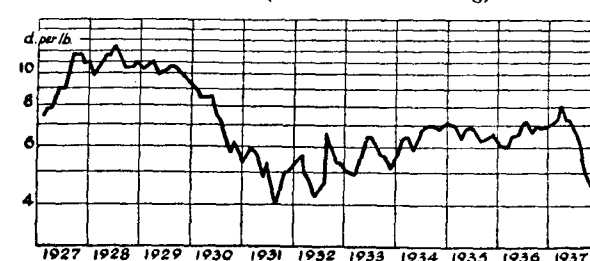
For the purposes of this article, primary products may be considered under two headings. Some, like metals, are used mainly in the production of durable goods. Others, like textiles and crude foodstuffs, are used for immediate consumption. Cyclical fluctuations in the manufacture of durable goods are more marked than variations in sales of consumption goods. Hence, changes in the demand for primary products employed in the production of durable goods are more violent than variations in the requirements of crude foodstuffs and textile raw materials used in the manufacture of goods for immediate consumption. Superficially it would seem, therefore, that the difficulties of adjusting supply to demand in the case of metals, for example, are greater than in the case of primary products used for consumption goods. But, as our charts clearly demonstrate, fluctuations in the prices of primary products used in the manufacture of consumption goods have been as marked as in the case of those employed in the production of durable goods. This tendency is due to the fact that the majority of primary products used for consumption goods are of vegetable origin, and their output, therefore, varies not only with acreage but also with climatic changes. Although the demand for consumption goods does not vary as much as that for other industrial raw materials, their prices are as unstable as those of the latter owing to unforeseen changes in yield.

The problem of the primary producers, therefore, is due essentially to the difficulty of adjusting supply to demand. There has been, consequently, in recent times a tendency to look for its solution in international control of supplies. Until recently, however, most control schemes remained unsatisfactory, either because they did not cover the whole of the world's resources (and therefore merely led to a temporary increase in prices and a redistribution of production) or were devised merely as temporary measures to bring about a rise in prices. Moreover, in the case of many commodities, such as sugar and wheat, national attempts to maintain prices and production have aggravated the world position of these commodities.

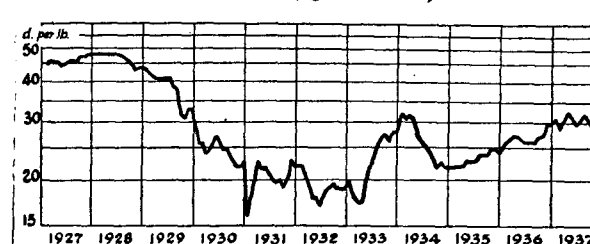
Some of the more recent experiments in international control seem, however, to have been inspired, in part at least, by a genuine desire to reduce the magnitude of price fluctuations, without penalising the consumer. The copper, tea and rubber schemes are among the best-known examples. Unhappily, their lack of success is revealed by the movement of prices during the past twelve months, and there is a considerable measure of

TEXTILE AND FOOD PRICES

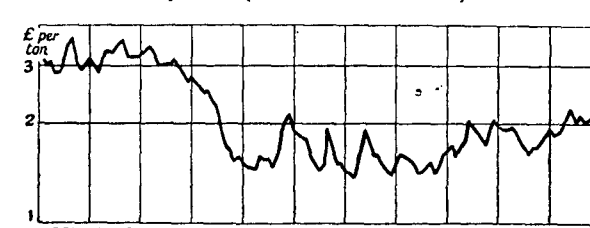
COTTON (American Middling)



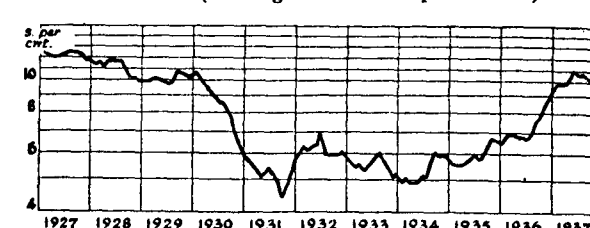
WOOL (Queensland)



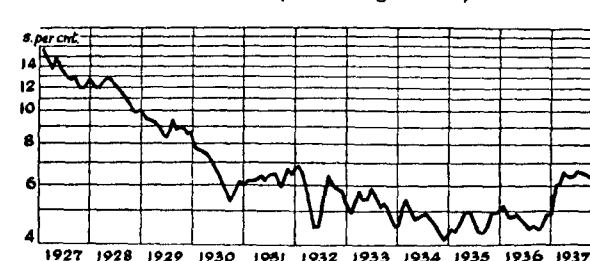
JUTE (Native First Marks)



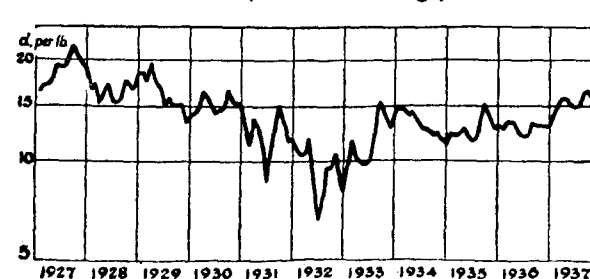
WHEAT (Average British Import Price)



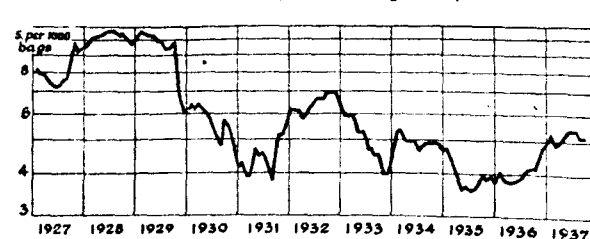
SUGAR (Centrifugals 96°)



TEA (Auction Average)

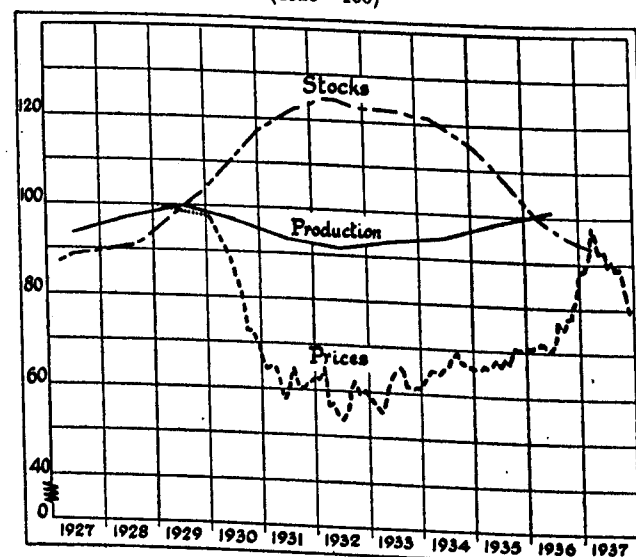


COFFEE (Santos Superior)



agreement, among those chiefly responsible, that their failure has been due, chiefly, to changes in demand which were wholly unforeseen. Here is the crux of the problem. Recent experience has shown that it is physically possible to control the supplies of raw materials subject to continuous production. But, as most of these commodities are bought and sold in a free international market, control of supplies has not prevented fluctuations in prices. On a superficial view, therefore, it might be argued that the control of supplies should be followed up by fixed selling prices. The control of prices, however, has its obvious dangers, and in the case of textile raw materials and foodstuffs it is rendered particularly difficult by changes in yield due to variations in weather conditions. Under a satisfactory scheme it would be necessary, therefore, not only to control acreage—a formidable problem in the case of plants maturing only after a number of years—but also to institute revolving funds of stocks in order to smooth out variations in yield. Moreover, any such scheme would postulate world-wide agreement, for national action is likely only to aggravate the position. The solution of the problem of the instability of prices, therefore, still seems far off. Meanwhile, prices are likely to remain subject to fluctuations, and unless industry in the

WORLD PRODUCTION, STOCKS AND STERLING PRICES OF PRIMARY PRODUCTS, 1927-37
(1929=100)



United States resumes its upward trend in the near future, it would be rash to assume that the recent downward trend of prices has reached its limit.

What is Calcium Carbide?

THE ideas of the average British elector probably lack precision on the subject of calcium carbide. An assiduous newspaper reader may be aware, possibly, that calcium carbide is a chemical product whose production is concerned in some way, directly or remotely, with Britain's defence programme; and that after a British company's proposal to build a factory in the Scottish Highlands had been twice refused by Parliament, the Government, on the advice of a special committee, decided that Parliament must think yet again. A substance thus capable of maintaining its special claims, against the reiterated will of the Mother of Parliaments, must obviously have industrial and commercial possibilities well out of the common. We propose to discuss some of these properties in the following article.

Calcium carbide is, in fact, an important chemical raw material in the development of which Britain has been a laggard. It is, as its name implies, a compound of calcium and carbon, and like all carbides, its production requires great heat. The fact that its manufacture, in an electric arc furnace, consumes very considerable quantities of electricity, has materially influenced its history.

The industries which use calcium carbide as a raw material fall into two main groups. The first group combines carbide, initially, with nitrogen; the second with hydrogen. The nitrogenous compounds of the first group start with calcium cyanamide, prepared by heating carbide in an atmosphere of nitrogen at an appropriate temperature. The hydrogen compounds of the second group of industries begin with acetylene, made by adding water to carbide. The simplest form of this process was familiar—sometimes painfully so—to cyclists who used acetylene lamps twenty years ago. Its modern application on an industrial scale involves complex engineering problems, since acetylene and air, even in very small quantities, form a highly dangerous explosive mixture.

Calcium cyanamide, the basis of the first group of industries, is used both as a nitrogenous fertiliser and as a raw material for further industrial products. It accounts for about 10 per cent. of the world's output of chemically fixed nitrogen. As a fertiliser, it has some excellent qualities, combined with others more deleterious, which have somewhat restricted its use. As a raw material, calcium cyanamide is the main source of the sodium cyanide used in gold and silver mining and in other metallurgical processes. It has, however, other and more warlike uses; for it can be converted, via

ammonia, to nitric acid, which is a *sine qua non* for the manufacture of modern high explosives. Cyanamide was so used during the Great War, both by Great Britain and by Germany, who developed her carbide works on a particularly large scale. Since the war, however, the cheaper synthetic ammonia process has tended to replace cyanamide for the manufacture of nitric acid. But the latter remains as an obviously valuable alternative source for munitions purposes, especially in view of the somewhat exposed position of the great synthetic ammonia works of Imperial Chemical Industries at Billingham on the North-East Coast.

So much for cyanamide. The uses of acetylene, the other basic product of calcium carbide, are more numerous. The most familiar is welding, whose growth in recent years has been phenomenal. Welding is done by the oxy-acetylene torch and by the electric arc. Each method has its own advantages and disadvantages, but for many purposes—airplane work, for example—oxy-acetylene welding is indispensable.

The chemical products whose manufacture starts from acetylene are almost innumerable. Acetone is invaluable as a solvent in the manufacture of smokeless powder, celluloid and many other products. Acetic acid is an intermediate for solvents and softeners. It is also used directly for making cellulose acetate, which, being non-inflammable, is employed for certain films, for lacquers such as aeroplane dope, and for acetate silk. The plastic materials include cuprene, a chemically inert substance which can be used, among other things, as a filler in explosives manufacture and as a cork substitute in the linoleum industry. Synthetic rubber is an acetylene product, and the list might be indefinitely extended.

The amount of the world's output of calcium carbide has never been accurately computed, but it was put at between two and three million tons a couple of years ago. As much as 80 to 85 per cent. of the whole is produced by six countries—Germany, Japan, Italy (the three most important), Canada, the United States and France. Among a score of other countries, Russia, Norway and Poland are noteworthy. The manufacture of calcium cyanamide absorbs about half the world output of carbide; welding follows with some 30 to 40 per cent.; and synthetic products account for the remainder. Great Britain's annual consumption of 55,000 to 60,000 tons is now obtained entirely from imports—chiefly from Norway, who last year supplied some 54 per cent. of our

The desire, easily understandable in the present state of the world, to make Britain less dependent on imported carbide, was largely responsible for the preparation, in 1936, of a scheme for a hydro-electric station and carbide works in the Highlands. The British Oxygen Company, the largest national consumer of acetylene, was closely associated with these proposals, which were embodied in the first Caledonian Power Bill and rejected by the House of Commons in March, 1936. When a second Bill, amending the original scheme in certain respects, was similarly refused a second reading in March of this year, the Government stepped in and appointed an official committee to investigate the situation. The committee's report has not been published, but the chief factors determining its recommendations are fairly clear. The basic considerations underlying any carbide scheme are the source of electricity, speed of construction and vulnerability to air attack. Vulnerability is a question for experts on defence. Electricity can be obtained either from steam or water power; and the speed with which construction can be carried out depends on which of the two is chosen. A carbide plant based on thermal power would require about a year to bring into operation, whereas at least three years are needed for a hydro-electric plant.

On the question of steam *versus* water-power the debates in the House of Commons were far from clear. The supporters of the Caledonian Power Bills claimed that hydro-electric power provided the only economically sound basis. Here, it is generally felt that they overstated their case. Power is not the only item in the cost sheet of the carbide manufacturer, and it certainly does not count more than all other items. The manufacturer's task is to achieve not the lowest possible power cost, but the minimum for all costs, including raw materials, packing and transport.

So far as the Government is concerned, however, the issue has been fully decided. Sir Thomas Inskip has informed the House of Commons that the Government have now decided to support the scheme submitted to the Carbide Investigation Committee by the British Oxygen Company. This scheme provides for the erection of a works using thermal power at Port Talbot in South Wales and another works using hydro-electric power at Corpach in the West Highlands. The initial output capacity of the Port Talbot works will be 20,000 tons a year and the cost is estimated at about £1,000,000. Provision will also be made for constructing further 20,000 ton units as demand warrants. The Corpach scheme, which involves extensive hydro-electric works and the diversion of water resources, is estimated to cost £2,500,000 and will require the re-introduction of the Caledonian Power Bill, this time with Government support.

The Government's decision evidently takes account of the experience of other countries—Germany, France and Poland among them—which use thermal power for the production of carbide; and the Port Talbot works must therefore be welcomed, not least because it brings a new industry to a distressed area. The justification of the Corpach proposal is far less clear. National interests of prime importance are involved, and there is a *prima facie* case for reconsidering, even at this late hour, the decision against publication of any part of the Carbide Committee's report, in order that the House of Commons may have adequate data on which to base its judgment. The Corpach project can only be brought to the production stage after a period measured in terms of years. In present circumstances, however, time is of the essence of the problem, and only overwhelming considerations of ultimate economy can justify delay.

Egypt To-day

AN assailant's attempt, happily unsuccessful, on the life of El Nahas Pasha has produced a remarkable demonstration of spontaneous support for the Premier of Egypt and for his policy of friendship with Great Britain. Nahas Pasha, who writes a foreword to the Supplement on Egypt published with this issue of *The Economist*, is the first premier of an Egypt restored to full equality of status with her fellow sovereign nations of the world.

In the Allenby Declaration of 1922, Great Britain acknowledged Egypt to be an independent sovereign State, after forty years of virtual British tutelage; but the "reserved points" touched so closely upon the vitals of political sovereignty that the status remained but titular. Until a few years ago, however, all efforts to negotiate a permanent settlement were unsuccessful, owing to the absence of a compelling identity of vital interest, realised on both sides. But Italy's conquest of Abyssinia emphasised, on the British side, that a discontented Egypt might be far more dangerous than the withdrawal from Cairo of a garrison whose presence in any case could have made little difference to military realities in the event of grave internal or external disorder. On Egypt's side, the spectacle of Italian troops passing in great numbers through the Suez Canal, and massing in Libya, served as a plain warning of the danger that Egypt, standing alone, might become a Naboth's vineyard for the Powers of Europe.

The Anglo-Egyptian Treaty of Alliance and Friendship was signed in August, 1936. It terminated the military occupation of Egypt and finally restored Egypt's sovereignty in internal affairs and foreign policy. Her liberty in protecting the foreign countries within her boundaries, reserved in 1922, has also been reinstated. And Egypt, finally, has become a State Member of the League of Nations.

Our Supplement comes at an opportune moment for discussion of the economic and other factors which determine Egypt's place in world affairs. Fundamental

to them all is the factor of geography. The map shows Egypt to be the nodal point of the land, sea and air routes between Europe and Asia, Africa and the southern oceans. Even if the Suez Canal had never been constructed, Egypt would still have been strategically vital as the land passage from the Mediterranean to eastern waters, and, by this time, as the air corridor to the Red Sea and to East and South Africa. The defence of Egypt—including that of the Suez Canal—is of critical importance for Great Britain and thus for her associates in the League. It is even more important than it was before 1914, when the Anglo-Japanese alliance limited British liabilities in the Far East and when no European Power was bent on establishing a great empire on the borders of the Red Sea.

While Egypt's external policy must thus depend on imponderable factors beyond the control of any single nation, her internal affairs are more completely the prerogative of her own people to-day than for many centuries in her long history. The energies of her statesmen are likely to be absorbed, for a long time to come, by the urgent task of raising the standard of living of a people whose numbers are increasing faster than the productivity of the soil. Out of a territory with a total extent of 387,000 square miles, the habitable area is restricted to little more than 12,400 square miles, along a narrow strip of alluvial river soil—brought down from Central Africa by the silt-laden flood of the Nile—which is never more than fifteen miles wide south of Cairo. On this soil of unequalled fertility the predominant crop is cotton, and Egypt's cotton crop accounts for about 85 per cent. of her total export trade. Her imports include clothing and nearly all her national requirements of fuel, machinery, metals, chemicals and other products of heavy industry. To raise her standard of living her Government may be expected to pursue concurrently two aims—to initiate and nourish new home industries, and to increase the quality and value of her indigenous products which can be exported for foreign

merchandise. Events will show whether the first of these objectives will involve the raising of a tariff which is still only moderately protectionist and has been imposed mainly for revenue purposes. The latter of the two aims will be furthered by a continuance of scientific effort to develop new and profitable varieties of Egyptian cotton—of whose importance the story of Giza 7, narrated in our Supplement, affords convincing evidence—and by ceaseless efforts to increase the number of products, other than cotton, which can be grown advantageously in a country blessed with fertile soil and an abundance of sunshine. Our Survey suggests some of the lines which such an effort might take. Already Egypt is self-supporting in sugar and is practically self-supporting in food grains. She has an important export trade in raw hides and skins, and her wool industry is in an early but vigorous stage of development.

The carrying out of any far-reaching economic programme will involve what the Minister of Finance describes as the "necessary evil of increased taxation." It may be taken for granted that every effort will be made to restrict its amount to the lowest possible level and to spread its incidence as equitably as possible over different classes of taxpayers. A question may well arise, nevertheless, as to the extent to which recourse can, and should, be had, for the financing of large-scale capital works, in part to the overseas investor and in part to the large and increasing Reserve Fund of the country itself. The latter now totals some £34 millions, of which £25 millions is held in liquid assets. It was designated at one time as a financial reservoir for great

engineering projects like the Aswan Dam, which, in the outcome, were largely financed from revenue. In the past Egypt has absorbed large amounts of foreign capital, whose present total is estimated as from £400 millions to £500 millions, and her credit, deservedly high to-day, would enable her to increase the total, in future, if she so desired.

Finally, Egypt's prosperity will be furthered by every advance in the "industry" of tourism, whose "raw materials" are her climate and her treasured memorials of one of the oldest civilisations of the world. Tourism in Egypt is reviving again, after being depressed during the Abyssinian hostilities. There is no necessary reason why Egypt should be a holiday zone only for the rich man. And as a centre of air travel Egypt's advantages are obviously beyond all question.

Great Britain welcomes the independence of her newest ally, who has already shown every evidence of determination to put the treaty into effect with a loyalty and a spirit of mutual understanding equal to her own. To no country is the maintenance of world peace more vital than to Egypt. To few countries does the future offer greater promise of progressive economic development and, at the same time, more immediate and weighty problems whose solution postulates the highest qualities of statesmanship. We may re-echo the sentiment of her Prime Minister and express our hope that Egypt, free to resume the weaving of the web of her history, will add to the prestige of her past the dignity of a renaissance based on consciousness of her destiny and her solidarity with all countries of goodwill.

Notes of the Week

Modernising the War Office.—An official announcement, which was issued on Thursday evening, makes one of the most sweeping changes in the High Command of the British Army that has ever been known. Of the four military members of the Army Council, three are to resign. The posts of two of them are to be filled by younger officers, while the functions of the Master-General of Ordnance are to be taken over by the Director-General of Munitions Production. In the vital post, that of Chief of the Imperial General Staff, General Lord Gort replaces Field-Marshal Sir Cyril Deverell. The most obvious effect of this almost sensational change is clearly to bring younger blood into the War Office. But it is by no means the usual "acceleration of promotion," for the officers who have been selected to fill these high posts were not next to the retiring officers in order of seniority. It is, in short, a deliberate attempt to break through the paralysing effect of promotion by seniority. Of the reasons which lie behind the change little is known, but it may be taken for granted that they consist of far more than the mere desire to lower the average age of the Army Council by a few years. Mr Hore-Belisha has presumably persuaded the Cabinet that these personal changes are the only means of effecting the very necessary modernisation in the strategical and tactical doctrines of the Army, and possibly also in its organisation. The internal affairs of the Army are not a subject on which the outsider finds it easy to formulate an informed opinion, but there can be very little doubt that the change, which cannot have been decided upon without the most careful consideration by the Cabinet, will be welcome to the public and salutary to the service. It is nevertheless an extremely courageous step for Mr Hore-Belisha to have taken. He will bring down upon his head a great deal of resentment from a class of persons who can be expected to have much more influence with the Conservative rank and file than he, a Liberal National, can command. He deserves the warmest support from his colleagues in the Cabinet and from the general public.

Defending the Civilian.—It is not easy, even for the most optimistic of Government spokesmen, to over-

come the belief, stated definitely by a former Prime Minister, that all defences against air attack are inadequate. The struggle between the Government and the local authorities over the division of the cost of air raid precautions has been tacitly won in the last round by the Government. The Home Secretary's main task, therefore, in piloting his Bill through the Commons is to persuade members—and the general public—of the efficacy of his plans. Broadly, the proposed precautions are based upon the gas-proof refuge, with gas-masks, sand-boxes and shovels as second and supplementary lines of defence. Publicity was given some months ago to experiments by a group of scientists who claimed to demonstrate the deficiency of gas-proofing in ordinary houses under ordinary conditions. On November 27th the report of tests made by the Chemical Research Department was published. Experiments, under "the most severe conditions likely to be met," showed that a remarkably high measure of protection would be afforded if Home Office instructions were obeyed. This conclusion endorses, in the special case of gas bombs, the general impression derived from recent events in Spain and China, that the power of an air offensive is by no means so overwhelming as has commonly been supposed. Nevertheless, the safety of men, women and children is too important for merely favourable tests to remove the horror and fear of bombing from the towns and, in reply, the Under Secretary protested against "the obsession of the whole national mind" with air dangers. Our defences may be better than we have feared; but, even with food storage and improved anti-aircraft measures, the prospect of war would remain a hideous menace.

Films Advisory Council.—After a debate extending over more than two whole sittings, the Standing Committee which is considering the Films Bill voted last Tuesday in favour of the Government's proposal for an Advisory Council instead of a Films Commission. Thus, the authority for the future administration of the Films Act will be a body of twenty-one members, ten of whom will be definitely appointed to represent various specified

trade interests, and the remaining eleven will be independent, without any pecuniary interest whatever in the trade. The Moyne Committee's recommendation for a Films Commission of wholly independent members, devoting their whole time to films, is thus abandoned. But certain concessions by Mr Stanley, announced during the debate, may prove to go a long way in the direction contemplated by the Moyne Committee. The first concession is a willingness to introduce words to make it clear that the work of supervision is to be not spasmodic and occasional—which the words "from time to time" might imply—but continuous. The second concession is the admission that it may be necessary for the Chairman to be a full-time officer. This would introduce an element corresponding to the managing directorship of a public company, and would convert the Council to something of the order of a board of directors. The Council will have its hands full during the next ten years. It will have to consider questions referred to it by the President of the Board of Trade. It will have a general right of initiative to consider any subject and make recommendations. It will keep an open door to all interested bodies and, of course, it will have the duties specifically imposed upon it by the Act.

Air Inquiry Amended.—Last week some indignation was expressed in the Commons that, in the inquiry instituted to examine the charges made in the House on November 17th against Imperial Airways and the Air Ministry, two civil servants should have been appointed to investigate the statements of members of Parliament. Accordingly, on November 30th, Mr Chamberlain announced the retirement from the Departmental Committee of Sir Warren Fisher and Sir W. B. Brown, against whose personal probity and qualifications, be it said, no objection was raised. The question was one wholly of constitutional etiquette. The retiring members have been replaced by two eminent business men, Sir Frederick Marquis and Mr T. Harrison Hughes; and—presumably to meet the further objection that the original committee was not fully competent to assist the Air Minister in assessing the weight of the pilots' grievances—Mr J. W. Bowen, until last year general secretary of the Union of Post Office Workers, has been added. The episode has been unpleasant and need never have occurred. Indeed, the suggestion that the Air Minister's membership of the Upper House is a practical handicap in matters of this kind, where the general sentiment of the Commons is all important, would appear to have a certain substance. Now, however, that the affair has been settled with dignity and propriety, it remains for the Committee to dispel the considerable public anxiety about the charges under investigation. As its proceedings will be entirely *in camera*, the Government will be well advised to publish, in due course, a full report of its findings.

The Advance on Nanking.—Interest in the war in China is still concentrated on the Japanese advance from Shanghai towards Nanking. The Chinese "Hindenburg Line" from Kiangyin to Wusih was broken without much difficulty, and it is daily becoming clearer that the most the Chinese can hope to do is to delay the invader in front and harass his communications by isolated bands of "dares and dies." But they cannot stop him. In these circumstances it is questionable whether any attempt should be made to defend Nanking, since it can only result in the destruction of the city and further heavy drafts on the limited Chinese supply of munitions. Moreover, the left wing of the Japanese forces is advancing due west of Shanghai across the base of the semi-circle described by the Yangtse, and these troops may before long be in Wuhu, which is sixty miles up the river from Nanking. Thus to resist at the capital may mean the encirclement of the Chinese army as well as the bombardment of the city. The position of the Chinese is serious; but there is still not the slightest sign of any weakening in their moral resistance or in their deter-

mination to fight it out. But it is painfully clear that their superior armaments and mobility confer a much greater advantage on the Japanese than was thought. Meanwhile, Shanghai, a hundred miles to the rear of the fighting, is a city in the occupation of the conqueror. The occupation does not yet openly extend to the southern half of the International Settlement or to the French Concession. But every day brings further news of arbitrary Japanese action directed against the property and interests of foreigners, and it has been made very clear that even the restricted remaining degree of autonomy left to the Settlement authorities is dependent upon their good behaviour.

Japan's Peace Terms.—At the beginning of the week the Japanese Prime Minister, Prince Konoe, managed to give an interview to the Press on Japan's peace terms in a form which did not expose this eminent statesman to any grave risk of immediate assassination by a watch committee of junior officers. The Prince's statement was lengthy and detailed; but the gist of it was that the essence of Japan's demands consisted in there being no limit to them. While Japan does not object to neutral Powers offering their good offices, she is not going to have any third-party participation in Sino-Japanese negotiations. Her aim is "a fundamental readjustment" of Sino-Japanese relations, and she will have no truck with any Chinese Government that declines to accept Japan's proposals to this end *in toto*, when the time comes for formulating Japan's demands. As fast as the Japanese armies advance, they will set up local "Chinese" regimes of a kind with which Japan can co-operate; and if half China were to come under the *de facto* control of some regime of the sort, Japan would then recognise this as the lawful Government of the whole of China, just as she has now recognised General Franco as the lawful ruler of Spain—though in this case there has been the *quid pro quo* of Italian recognition of Manchukuo. Japan does not at present intend to declare war, but she may alter her policy on this point if supplies continue to reach China from other countries. She has not yet decided whether to go on from Nanking (when she has got that far) to Hankow in order to intercept the inflow of supplies through Hongkong. She has likewise not yet decided on her policy towards the two foreign settlements at Shanghai. There "everything depends on the other side" (which appears to mean the foreign Powers, and not China). As for the Nine-Power Treaty, Japan really does not very much care whether, or when, it is revised or abrogated, so long as nobody disputes in practice the Japanese principle—on which Japan is now acting—that the destinies of the Far East are to be settled without any Western intervention. The "independent" regime in North China will be established about January. Shantung is going to drop into Japan's mouth, and Tsingtao will be a delicious morsel. Stalin is at present being a good boy, so Japan need not be in any immediate hurry to

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give him that good hiding which she proposes to give him some day. On such terms Prince Konoe's life may still be safe. But what about ours?

* * *

M. Chautemps' Triumph.—M. Chautemps' sensational victory in the Chamber in Paris in the small hours of last Friday (November 26th) was a happy prelude to his visit to London. If there was anybody left in Great Britain who still believed that the Popular Front Government in France was tottering to a fall which would involve the whole country as well as the Ministry, his eyes must surely have been opened at last by the debate in the French Parliament which ended with the vote of confidence. The question under consideration by the Chamber was the momentous one of whether the Government's proposals for increasing the salaries and wages of public servants should be accepted, and, if so, by how great a majority. As it turned out, the Government's proposals were carried by the enormous majority of 521 votes to four, with eight abstentions. The completeness of the victory was probably a surprise to the Government themselves; for the representatives of the public servants, who are a substantial and influential fraction of the French community, had continued, up to the end, to hold out for something more than the Government's maximum offer. The striking result of the voting in the Chamber as a whole was due to the policy of the Communists, who at the last moment decided to vote for the Bill—in spite of their reiterated disagreement with the Government—instead of abstaining. The Communist leader, M. Duclos, told the Chamber, when he announced his party's decision, that it had been determined by the fact that the Opposition were so patently eager to produce a rift in the Front Populaire's ranks. The French Right, of both the milder and the more militant persuasion, must no doubt be assigned due credit for last Friday's most effective demonstration of the persistent solidarity of the Popular Front; but it would be ungenerous to deny all meed of praise to Herr Hitler, Herr von Ribbentrop and the other Nordic heroes who, for months past, have been weeping their crocodile tears over the imminent disappearance of French democracy in the quicksands of Bolshevism. For this service English and French voices may thank these German propagandists in a cordial unison.

* * *

Franco's "Blockade."—The threatened insurgent offensive in Spain has not yet materialised, although there are reports of extensive troop movements at both the northern and southern extremities of the fighting line and there has been a sudden recrudescence of aerial activity in the Madrid region. On Saturday last the insurgent wireless stations at Salamanca and Cadiz broadcast a statement to the effect that a blockade had been proclaimed of the whole Government coast and of the island of Minorca, and that the "safety zones" previously designated for the use of foreign shipping in the harbours of Barcelona and Valencia had been abolished. The British Government has taken immediate objection to this pronouncement, which can be legally challenged in three different ways. First, a blockade, even if fully legal, must be formally notified to neutral Governments. Second, General Franco, as an unrecognised insurgent, has no legal rights of blockade. Third, no blockade is legal unless it is effective, i.e. it is open to a recognised Government to arrest foreign vessels but not indiscriminately to attack them within any area which it chooses to proclaim as prohibited. What the British Navy would do if the insurgent fleet or air force attempted to enforce General Franco's "blockade" is uncertain. But a notice has been issued to British shipping reaffirming the policy of granting protection on the high seas but not in territorial waters. Both sides have now replied to the British Plan, and while neither has rejected it, both ask for further elucidation. There is no reason to anticipate serious difficulty on either side, though General Franco has made the inadmissible claim that the "substantial

degree" of withdrawal of foreign volunteers which is to entitle him to belligerent rights shall be defined as the withdrawal of 5,000 men.

* * *

American Housing.—Much had been hoped from President Roosevelt's housing proposals, which were revealed on Monday, as a means of stimulating some increase in the activity of the construction industry. The message, however, was slightly disappointing, for though it recognised that the major hindrance to increased housing activity was the present extortionate level of costs, the President proposed no remedy except a series of conferences with the representatives of the contractors, the building unions and the suppliers of raw materials. Indeed, it is difficult to see what the Government can do to reduce costs short of starting a campaign for lower wages or—what would perhaps be politically easier and economically more beneficial—longer hours. The Government's own proposals relate almost exclusively to finance. The Federal Housing Administration has been in existence since 1934 with the function of "insuring" mortgages, so that they become safe and attractive investments for banking and insurance funds. Its activities are now to be extended in several directions. The limit imposed on its commitments is to be raised, the charge made for the insurance is to be lowered, and the proportion of the valuation of a house which is to be eligible for insurance is to be raised, for the cheaper dwellings, to 90 per cent. That these changes, especially the last-named, will have some effect is undeniable. But that they will by themselves raise the rate of building to the 600,000 to 800,000 units a year which the President declares to be necessary is more doubtful. Such calculations of the demand for housing can be very deceptive, for at present costs there is very little demand at all, even though its absence may mean the progressive overcrowding of the American people. For the same reasons the Housing Message does not look like being a major factor in halting the business recession. Another field in which attempts are being made to restore business confidence is that of the Budget. The current philosophy finds no contradiction in demanding at one and the same time the balancing of the Budget and the remission of unpopular taxes, and both are accordingly being attempted. There can be no question that the whole subject of economic policy in the widest sense is in the greatest confusion in Washington. Policies which may restore the business man's profits may be very different from policies which will quieten his apprehensions (balancing the Budget is a case in point), and both are different from the policies of social reform which the President was elected to continue. But at the moment all three policies seem to be pursued at once.

* * *

Dr Schacht's Resignation Announced.—At long last, on November 26th, the resignation of Dr Schacht from the post of Minister of Economics was officially announced in Berlin. It has been common knowledge in every country except Germany that Dr Schacht has been trying for months to resign from the headship of a Ministry in which he had lost all authority. But his reputation as the saviour of Germany from inflation is a very valuable asset of the Nazi Government, and Herr Hitler was very reluctant to let him go. In the end Dr Schacht has got his way, but he remains as President of the Reichsbank and also as Minister Without Portfolio. What influence he will be able to exert on German economic policy from these posts remains to be seen. The new Minister of Economics is to be Herr Funk, hitherto Secretary of State in the Propaganda Ministry. He is *persona grata* to General Goering, and the Ministry of Economics must now be considered as being fully under their have been appointments to high posts in the Propaganda Ministry, and Herr Lammers, Head of the Reich Chancery, has been promoted to the Cabinet. Dr Schacht's departure changes nothing in German economic policy, since the military occupied the Ministry

of Economics some time ago. But taken together with the growing evidence of the inconveniences to which the German people are being put by the exigencies of the Four-Year Plan, it may in the long run change quite a lot in the attitude of German industry towards the Nazi Government.

* * *

Nahas Pasha's Escape.—The Prime Minister of Egypt is to be congratulated on his fortunate escape last Sunday evening from an attempt on his life. His assailant has accomplished the exact reverse of his presumable intentions; like all would-be assassins of prominent public men, he was playing a game in which he was bound to lose either way. The power of the most popular, potent and competent living statesman is as nothing to the power of a martyr. The posthumous political career of Dr Dollfuss is merely the latest of the innumerable testimonials to this truth. As it is, Nahas Pasha may congratulate himself on having had the best of both worlds, for he has been invested with something of the martyr's prestige without having had to pay the martyr's price for it. The young man who committed the crime was thought at first to have been an agent of the Greenshirts, an ultra-nationalist Egyptian political organisation who are inclined to regard last year's Anglo-Egyptian treaty as a betrayal of Egyptian national interests. However, the Greenshirts have now made haste to repudiate him. He was, they declare, expelled from the Party some months ago for bad behaviour, and has since been in Palestine. Nevertheless, all the Greenshirt leaders have been arrested and the party premises searched. The crime is not to be taken as evidence of widespread opposition in Egypt to the Treaty. On the contrary, the virtual unanimity with which the Treaty was welcomed by all substantial parties in Egypt as well as in Great Britain indicates that the Egyptian people as a whole are inclined to feel that an unhappy half-century of Anglo-Egyptian relations has been retrieved by a happy ending. The plain fact is that Great Britain is no longer the most menacing of the European Powers in Egyptian eyes. The present Egyptian attitude in foreign affairs is like the wise dog's attitude in Aesop's fable of the dog and the ticks. An alliance with an old and familiar parasite is likely to be more comfortable than a subjection to some new and still more voracious aggressor.

* * *

Future of the Two Rhodesias.—The course of closer union among the British territories of Eastern and Southern Africa has not always run smooth. A consultative Governors' conference is all that has emerged from grandiose plans for the amalgamation of the East African colonies. When the Union of South Africa was formed, it was confidently expected that Southern Rhodesia would eventually link her destiny with that of her greater neighbour, while Northern Rhodesia would find her associates in the tropics. The progress now, on the contrary, is towards the linking of the two Rhodesias in a *bloc* with Nyasaland. A Royal Commission, it was announced last week, is to inquire on the spot whether any, and if so what, form of closer co-operation between the three territories is desirable and feasible, with due regard to the interests of all the inhabitants and to the special responsibility of the British Government for the interests of the natives. The difficulty, of course, lies in the proviso; for hitherto, while Southern Rhodesia has gone a long way towards "white man's self-government," Northern Rhodesia has been a Colonial Office preserve. The latter, however, has lately been moving in the same direction as her neighbour to the south. The Legislative Council has been given more authority, and only this week the colonial Government agreed to the establishment of a standing finance committee with two official and two unofficial elected members. The dangers of divided responsibility, or of the shifting of responsibility for native interests, are too obvious to need reiteration.

Roumanian Elections.—Roumania is now passing through the most severe constitutional crisis that the country has suffered since King Carol returned from exile. If the King had acted according to precedent and popular opinion (so far as that can be ascertained), he would have entrusted the National Peasant Party with the task of forming a Government and conducting the elections. The Party had made it easier for him to do so by electing M. Mihalache to its Presidency, in place of M. Maniu, between whom and the King there is a deep-seated personal antagonism. But the King, by making a coalition with M. Vaida Voevod's pseudo-Fascist Party a condition of office, made it impossible for M. Mihalache to accept. The Liberals are thus continuing in office with the alliance of M. Vaida Voevod. The Roumanian electoral law gives a majority of the seats in the Chamber to the party or coalition which receives 40 per cent. of the votes. By general admission, the Liberals, after four years of office, are too weak to obtain the necessary 40 per cent. by themselves, even with the control of local administration in their hands. Consequently, they have formed an electoral cartel with M. Vaida Voevod and a number of other small parties, including the German Nationalists, whose leader, M. Fabricius, is known as the Roumanian Henlein. The reaction to this over-clever series of manoeuvres has been surprising. The National Peasants have restored M. Maniu to their leadership, a step which makes them the opposition not merely to the Government but to the King. What is more, they have concluded an electoral truce with the other Opposition parties, including even the "All For the Fatherland" Party, or Iron Guard.

* * *

On the surface, the country's foreign policy is not involved, since M. Tatarescu, the Liberal Prime Minister, has reaffirmed the policies of alliance with France and the Little Entente. But his electoral allies are the agents in Roumania of Rome and Berlin, with which capitals his own relations are closer than can be wholly reconciled with the policy to which he is committed. It is significant that M. Titulescu has returned to Roumania and is believed to intend offering himself as a National Peasant candidate in Siebenbürgen. Domestically, the issue is confused by the arrangement between the Peasants and the notorious Iron Guard. But the Government has already removed all Jews from its own lists of candidates and is allied to politicians who demand the "abolition of party politics." Thus in spite of the confusing complications the issue is a fairly clear one between democracy and the League of Nations on the one hand and authoritarianism plus attachment, through Poland, to the Rome-Berlin axis on the other. The real misfortune is that the King has committed himself to one side, and that the one which will do least good to Roumania in the long run.

INSURE WITH



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Iron and Steel Development.—The possibility of unfavourable developments abroad was one of the main reasons which led observers to question the ability of the British Iron and Steel Federation to maintain steel prices throughout next year. Demand for steel in the United States has fallen catastrophically since September. The decision of the Continental Steel Cartel and subsequently of the British Iron and Steel Federation to maintain prices was expected to be followed by an intensive American sales campaign in overseas markets. Actually, some of the smaller American concerns have succeeded in obtaining substantial orders at cut prices. It was feared that the intensification of competition from the other side of the Atlantic might undermine the price structure, first of the Cartel and ultimately of the British Iron and Steel Federation in the home market. The latest developments indicate, however, that these fears, if not groundless, have been somewhat exaggerated. Since increased American competition came mainly from the smaller concerns, the Cartel decided at Warsaw last October—a decision confirmed at subsequent meetings—to stand firm, apart from minor price adjustments. Obviously the Cartel's price policy could not have been maintained in the long run without the willingness of American producers to co-operate. This co-operation appears now to have been secured, for at a meeting in Paris last week American manufacturers agreed to observe an informal understanding on prices, covering most products apart from sheets. While the United States cannot be expected to join the Cartel, an informal understanding, if observed, would achieve the same object. It seems, therefore, that at least one of the dangers to the Cartel's and the British Federation's price policy might be averted.

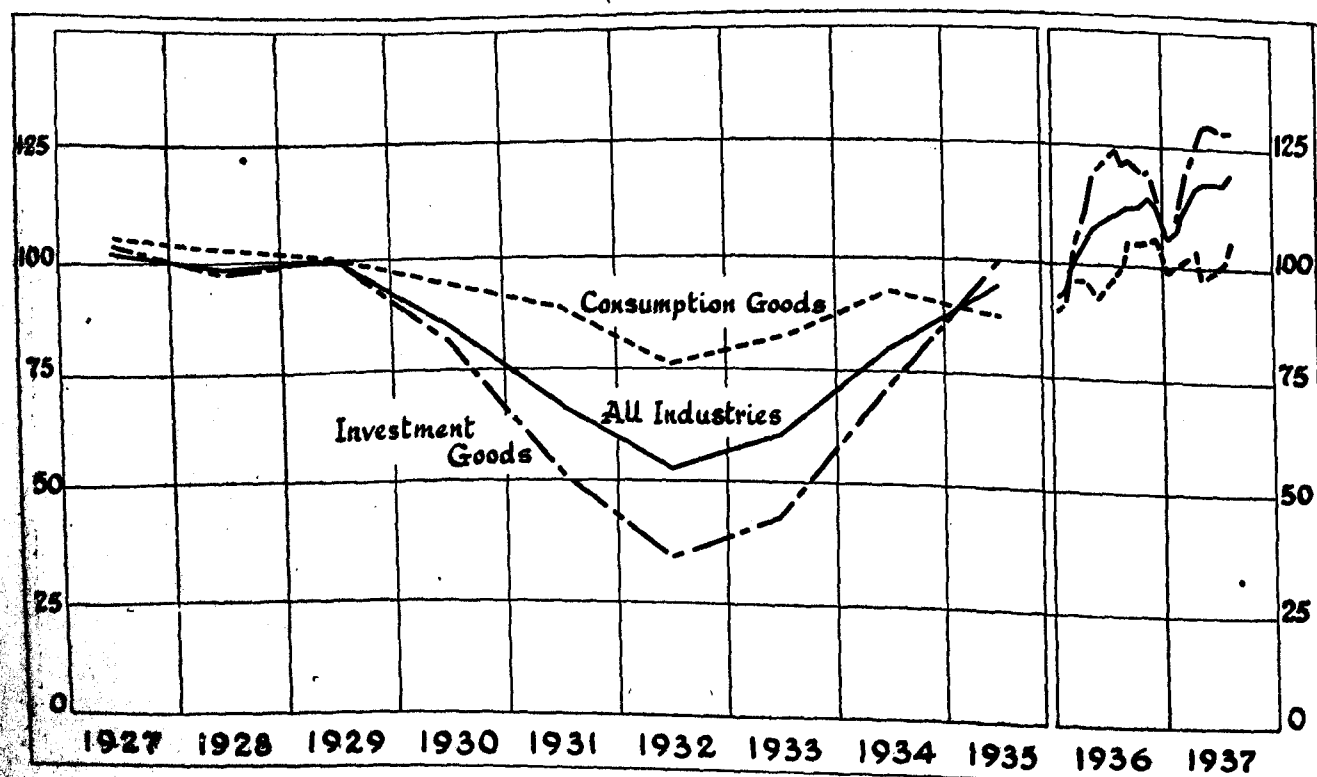
So far as domestic developments in the British iron and steel industry are concerned, the decision of the Stanton and Staveley ironworks to withdraw from the Federation has given an impression in some quarters of disagreement on price policy among the members of the Federation. Actually, however, an assurance has been given that the resignations were not caused by differences of opinion but by the fact that these two concerns are chiefly manufacturers of cast-iron pipes, a product which is not covered by the Federation. While membership of the National Federation of Iron and Steel Manufacturers—since superseded by the British Iron and Steel Federation—entitled Stanton and Staveley to certain

privileges, the two concerns evidently felt that the new association, since it did not cover their products, could not further their interests. The general policy of the Federation, however, is certainly not escaping all criticism. For example, a strong attack has been made on it this week by Mr Arthur Chamberlain at the annual meeting of shareholders of Tube Investments, Ltd., in terms which are discussed in a note on page 487.

Industrial Production in Germany.—The diagram below shows the trend of industrial production in Germany during the past ten years. The diagram is based on the indices of the Institut für Konjunkturforschung. Annual indices have been used for the years 1927 to 1935, and monthly figures from January, 1936, to August, 1937. The monthly indices are not adjusted for seasonal variations in activity. As in most countries, industrial production in Germany recovered in 1933 and has since risen well above the pre-depression level. Moreover, industrial activity has continued to expand fairly rapidly during the past twelve months. In addition to the general trend of industrial activity, the diagram also shows the course of production of investment goods and of commodities for immediate consumption. While cyclical fluctuations in the production of durable investment goods are normally more marked than changes in the output of goods for immediate consumption, the diagram reveals a decline in the output of the latter between 1934 and 1935. During the past year the output of consumption goods has risen again, but the increase has been relatively small, an indication of the cost to the German public of rearmament and the policy of self-sufficiency.

Britain's Overseas Markets.—The announcement of pending formal negotiations for an Anglo-American Commercial Treaty gives point to an analysis of Britain's overseas markets in the first nine months of 1937 and earlier key years, given on page 507. Two weeks ago (see *The Economist*, November 20, page 348) we examined, in detail, the figures for the three months to September last, which afford the best available indication of current trends in our overseas trade. The nine months' figures to some extent obscure these trends, since changes in international prices and in other factors

INDUSTRIAL PRODUCTION IN GERMANY 1927-37
(1929=100)



governing the course of trade have been unusually varied and violent since the beginning of this year. Reference to the figures, however, reveals the significant fact that 58½ per cent. of the increase in value of British exports between the first nine months of 1936 and of 1937 was attributable to increased shipments to countries outside the British Empire, and only 41½ per cent. to Empire shipments. If the comparison be extended back to the first nine months of 1933, the worst year of depression, the Empire's share of the total increase in exports is as much as 56½ per cent. The figures also show, among other things, that we bought from the United States of America, in the first nine months of this year, merchandise valued at £73.5 millions—a figure some £21.3 millions higher than in the corresponding months of 1933, but as much as £65.5 millions below the total for the similar period of 1929. Our exports to America, in the first nine months of this year, valued at £23.8 millions, showed a recovery of only £9.9 millions since 1933, and were £9.8 millions below the 1929 figure. Controversialists who draw conclusions from bilateral figures of visible imports and exports, to the exclusion of invisible items, may take what comfort they can from the fact that reduced trade has brought down our "adverse" balance with the United States from £105.3 millions in 1929 to £49.7 millions in 1937. If both sides of the account were reduced to zero a perfect balance would be achieved, but the result would be disastrous for both countries. Even to-day the United States comes fourth on the list of our overseas customers.

More Tea but Less Rubber.—No less than three of the principal commodity markets have been effected by quota decisions this week. At its meeting on Tuesday the International Rubber Regulation Committee decided to reduce the export quota for the first quarter of 1938 to 70 per cent. of standard. The quota was 75 per cent. for the first quarter of the current year, 80 per cent. for the second and 90 per cent. for the last six months. Tuesday's decision will involve a reduction in supplies of some 18,500 tons of rubber monthly. The cut was more drastic than the majority of market operators had dared to hope, and their satisfaction was reflected in an immediate advance in prices. It remains to be seen whether the quota will be maintained at the 70 per cent. level for more than three months. Meanwhile, the more liberal Tea Committee, meeting on the same day, disturbed market expectations in the opposite sense by fixing the export quota for the twelve months commencing April 1st next at 92½ per cent. of the basic quotas; this compares with a present quota of 87½ per cent. and involves an addition of some 40 million lbs. annually to the current level of supplies. Although the additional tea will not come on to the market for at least seven months, prices were distinctly easier at this week's auctions. Finally, restriction on the output of copper was re-imposed on Wednesday after ten months of unrestricted production. The output of the restricting companies will now be at the rate of 105 per cent. of the standard tonnages. The decision to re-impose restriction was made public almost two months ago, and the market was consequently unaffected this week.

Manchester Ship Canal's Jubilee.—Fifty years ago, on November 11, 1887, Lord Egerton of Tatton cut the first sod of the Manchester Ship Canal. This waterway, 35½ miles long, took over six years to complete and cost over £15 millions. The scheme took its birth in the house of Daniel Adamson at Didsbury on June 27, 1882, at a time when there were over 18,000 empty houses in Manchester. The difficulties were formidable, but the Manchester Corporation gave whole-hearted support and the Canal was opened for traffic on January 1, 1894. The effect justified Adamson's faith. Between 1894 and 1911, 32,623 new houses were built, and the aggregate rateable value of the towns within a 20 mile radius of Manchester increased from £2.2 millions to £7.1 millions. In its first

year the Canal carried 925,659 tons; in 1913, 5,780,161 tons; and last year, 6,373,308 tons. To-day the great industrial area of Trafford Park adjoins the dock estate and is directly linked up with it. The total issued capital of the Manchester Ship Canal Company at December 31st last, was £19,973,210; and its gross revenue last year totalled £1,880,915. The measure of its achievement is the fact that Manchester, an inland city, is, to-day, the fourth port of Great Britain.

Prosperous Road Passenger Transport.—The Sixth Annual Report of the Traffic Commissioners in Great Britain shows that the road passenger transport industry continues to expand. For the third year in succession, there has been an increase in the number of vehicles licensed, though the total of 47,973 vehicles for 1936 falls far short of the 52,648 vehicles in 1930, before the Road Traffic Act came into force. During the six years of the Traffic Commissioners' control, the history of the industry has been on these lines:—

Year ended December 31	No. of Vehicles Licensed	Passenger Journeys	Passenger Receipts	Vehicle Miles	Receipts per Vehicle Mile
		Millions	£ million	Millions	d.
1931	46,230	5,399.5	58.4	1,313.9	10.68
1932	46,458	5,344.9	58.2	1,323.7	10.61
1933	45,393	5,424.0	58.1	1,315.0	10.67
1934	45,795	5,722.1	60.0	1,345.8	10.77
1935	46,510	6,031.5	62.1	1,381.4	10.85
1936	47,973	6,426.4	65.2	1,439.6	11.00

Much of the increase in the number of vehicles licensed is attributable to municipal bus undertakings, particularly those which have substituted buses for trams, and to additional services to new housing estates. At present, local authorities own 15.5 per cent. of the total vehicles, London Transport 13.6 per cent., and other operators 70.9 per cent. The process of absorption of the smaller operators by the larger undertakings continues, and is enabling existing operators progressively to revise the organisation of their services and to effect considerable economies by eliminating "dead" mileage or reducing frequency. The Traffic Commissioners, however, are aware that in certain rural districts there may be a danger of prejudice to the interests of the travelling public. The larger the associated companies are, the greater, in the Commissioners' view, is their responsibility to the travelling public. Given the increasing pressure of modern life, particularly in towns and cities, convenient transport at reasonable fares is as essential a public service as an efficient water supply. The Commissioners, very properly, make it clear that any road transport combine which placed the interests of its shareholders before those of the travelling public, however financially prosperous it might be, would be regarded as failing in its public duty.

Rising Use of Electricity.—The report of the Electricity Commissioners for the year ended March 31, 1937, is the seventeenth of its kind. The report points out that the industry is, as yet, within no measurable distance of saturation point, despite the considerable advance in recent years. Output in 1936-37 was

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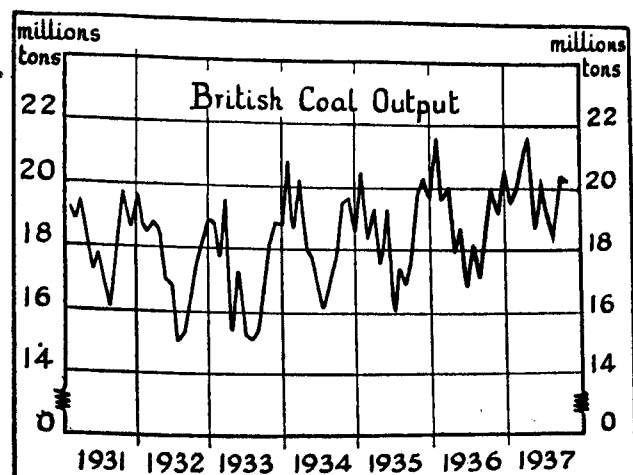
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20,868,000,000 units, an increase of 13.3 per cent. over the previous year. The number of premises connected in 1935-36 was 7,652,000, and 85 per cent. of these were domestic premises. But some 40 per cent. of premises in supply areas are still unconnected, and the room for expansion is very large. Consumers of power, such as factories and workshops, represented 60 per cent. of sales and 34 per cent. of revenue; while shops, offices and public buildings now contribute some 29 per cent. of revenue. The balance of revenue, amounting to 37 per cent., was derived in 1936-37 from domestic consumers. Here the field for expansion is now power rather than lighting; and here, too, the direct competition between gas and electricity, complicated by divergent modes of charging and varying statutory conditions, is most evident. The advance in electricity consumption, recorded in this report, should not be allowed to obscure the steady progress of the gas industry. There is clearly still room for a considerable development of the two industries, both where they are competitive and where they are technically complementary.

Lower Coal Output.—In contrast to the movement a year ago, when the output of coal increased from 18.8 million tons in September to 20.0 million tons in October, production during the corresponding period this year showed a decline of 50,000 tons to 20.4 million tons:—



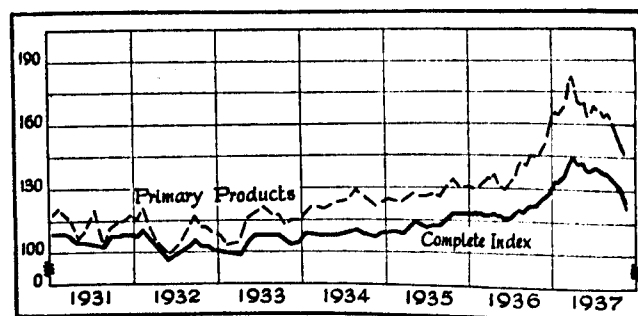
With the exception of Yorkshire, all the principal mining districts registered a slight decline in output. Although new business remains limited, the colder spell has brought a welcome improvement in demand. As a result production rose from 4,901,700 tons during the week ended November 6th to 4,952,200 tons in the subsequent week, an increase of 227,900 tons over the corresponding period last year.

Prices Again Fall.—The decline in wholesale prices, both here and abroad, continues. In England *The Economist's* complete index number has fallen during the past fortnight by 1.7 per cent., while primary products have fallen by 1.9 per cent. The decline in primary products, however, is less marked than during the previous fortnight. Since the peak figures of March 31st, the complete index has fallen by 11.6 per cent., and the primary products index by exactly 20 per cent. The fall in American prices since last March is even more severe, the Irving-Fisher complete index having fallen by 10.1 per cent. and *The Economist's* primary products index by 30.4 per cent. Here again, however, the last fortnight's declines were less marked than those of the previous fortnight, amounting to only 1.9 per cent. for primary products and 0.9 per cent. for the complete index. French wholesale prices have fallen during the past fortnight by 0.9 per cent.

SEPTEMBER 18, 1931 = 100									
Date	The Economist Indices			Price of Gold (sterling)	U.S.A., Irving Fisher	France, Statistique Générale	Italy, Milan Chamber of Commerce	Germany, Statistisches Reichsanstalt	
	British Complete Index (sterling)	Primary Products (sterling)	American (dollar)						
1932									
July 27th 1933	99.5	103.5	84.1	136.9	88.3	91.3	88.5	88.1	
July 28th 1934	108.1	120.6	124.7	145.7	100.9	89.7	86.2	86.6	
July 18th 1935	109.5	124.8	136.7	162.4	113.2	81.4	83.2	91.1	
July 31st 1936	112.7	128.7	146.2	165.6	120.2	75.9	86.2	93.9	
July 22nd 1936	118.7	140.4	157.2	163.4	120.6	86.6	111.4	95.7	
Aug. 19th 1936	119.4	141.9	163.2	162.7	121.9	88.8	111.4	96.1	
Sept. 30th 1936	121.6	144.5	159.6	165.0	121.8	86.4	112.5	95.9	
Oct. 28th 1936	123.6	145.7	161.1	167.1	122.5	102.1	114.8	95.8	
Nov. 25th 1936	126.3	150.9	172.0	167.2	124.8	106.9	...	95.9	
Dec. 30th 1937	131.3	163.9	187.3	166.7	128.8	113.0	...	95.4	
Jan. 27th 1937	134.2	164.2	184.5	167.0	131.0	115.9	...	95.7	
Feb. 24th 1937	136.8	168.2	185.5	167.4	131.8	116.8	124.3	96.2	
Mar. 31st 1937	144.3	181.9	199.7	167.4	137.3	121.8	126.2	97.5	
Apr. 28th 1937	142.0	189.9	183.5	165.4	135.6	120.5	128.7	97.9	
May 19th 1937	142.4	188.7	184.4	165.3	135.6	120.2	131.3	97.2	
June 2nd 1937	142.7	170.2	178.9	165.6	134.3	119.8	133.2	97.5	
June 16th 1937	139.4	163.6	173.5	165.3	133.3	119.8	133.8	97.4	
June 30th 1937	139.5	165.9	178.8	165.7	134.1	128.8	135.8	97.8	
July 14th 1937	140.7	168.5	180.4	165.0	134.1	128.8	135.8	97.8	
July 28th 1937	140.2	167.1	171.8	164.5	133.8	130.8	137.1	97.9	
Aug. 11th 1937	139.3	166.8	171.1	164.2	133.3	131.3	137.0	98.2	
Aug. 25th 1937	137.9	164.4	165.3	164.2	133.0	133.3	137.1	98.1	
Sept. 8th 1937	137.4	165.1	166.9	164.2	132.2	136.7	135.9	97.7	
Sept. 22nd 1937	136.0	164.0	166.3	165.1	133.7	139.4	137.7	97.6	
Oct. 6th 1937	135.1	159.7	153.7	165.5	130.2	139.9	140.5	97.4	
Oct. 20th 1937	133.6	156.2	152.3	165.4	129.5	138.8	141.6	97.3	
Nov. 3rd 1937	131.9	152.7	147.2	165.5	127.4	136.5	141.9	97.3	
Nov. 17th 1937	129.7	147.3	141.6	164.5	124.8	134.5	142.9	97.0	
Dec. 1st 1937	127.5	145.4	138.9	164.8	123.4	133.3	...	97.0	

* These figures relate to November 24th.
† Monthly averages.

We publish below a chart showing movements in British wholesale prices since the depreciation of the pound in the autumn of 1931:—



Details of group movements in the complete *Economist* index number in the three most recent fortnights, with the figures for September, 1931, are given below:—

The Economist Index (1927 = 100)				
	Sept. 18, 1931	Nov. 3, 1937	Nov. 17, 1937	Nov. 24, 1937
Cereals and meat	64.5	90.6	89.8	87.8
Other foods	62.2	67.5	65.5	64.3
Textiles	43.7	62.0	60.6	58.9
Minerals	67.4	97.5	96.4	95.9
Miscellaneous	65.8	81.7	80.6	79.3
Complete index	60.4	79.7	78.4	77.0
1913 = 100	83.1	109.6	107.8	105.9
1924 = 100	52.2	68.8	67.7	66.5

The detailed movements for the past fortnight reveal here and there signs of recovery. American cotton is higher than a fortnight ago, and there has also been a slight rally in tin, copper and rubber. On the other hand, wheat and maize are lower, and there has been a further heavy fall in wool and hides.

Uneven Trade News.—Apart from important developments in the iron and steel situation, discussed in a preceding Note, the week's industrial news contains no new features. The heavy industries remain very active on previous orders, but news from the textile trades is again disappointing. Meanwhile, the scheme for the reorganisation of the industry has received much support. There has been no improvement in the demand for wool textiles.

Overseas Correspondence

From Our Special Correspondents

United States

(Comparison with Past Depressions)

NEW YORK, November 23.—If production falls no lower than it has fallen to date, the decline will approximate to those recorded in what are historically called major depressions. Between the middle of August and the middle of November, the weekly business index of the *New York Times* dropped about 20 per cent.. The Federal Reserve Board index for October is not yet available, but from the fragmentary data available about its major components (such as steel production) one could infer for November a comparable decline, viz. about 20 per cent. from August.

From 95 in February, 1920, the Federal Reserve index fell to 64 in March, 1921; the average of the year 1920 was 87; in 1921 it was 67; and in 1922 it was 85. From top to bottom on that occasion, the decline was more than 30 per cent., and the period of decline was about 12 months. In the so-called minor recession of 1924 the index ran from 102 in February to 84 in July—a fall of about 20 per cent. The 1924 episode was extremely brief; by December the index was back to 101; and this is commonly cited as an example of the "V-shaped" recession, violent, sharp, brief—as contrasted with the "U-shaped" depression of 1921, slower in decline and recovery.

In 1929, the index dropped from the peak of 125 in June and 121 in September to 103 in December, a level which it held for six months. By the end of 1930 it had fallen a further 20 per cent. to 84; by the end of 1931, to 74; and by the end of 1932 to 66, the lowest month being July, when it was 58. In 1933 production bounded from 59 in March to 100 in July, fell back to 72 in November, and was 71 almost a year later in September, 1934.

Much of Wall Street's time is taken up, and largely wasted, in making these comparisons with the past, and seeking analogies. In the search for explanations, however, there are, broadly, two different schools of thought. To one, the present recession is a mere reaction to the boomlet of last winter. In the sellers' market of last winter, there was a good deal of forward ordering, and a certain tendency to accumulate inventories. Prices failed to continue their upward course, orders fell off, and production declined. Meanwhile, these inventories are being eliminated. Presently they will drop to a level which will force a resumption of ordering, etc., etc. Exponents of this view, instead of being alarmed at the unprecedented rapidity of the decline in production, believe it is a prudent curtailment, which hastens the day of resumed activity. They find their analogy in 1924.

Shortage of Capital

The other school makes a wholly different approach. From 1930 it has been obvious that the weakest spot of our economy is the demand for capital goods. The capital goods industries took the brunt of the depression; they were laggards in the recovery; and except for the best months of 1937, they were generally far behind the average. Yet, statistically, there is evidence of an enormous accumulated demand for the products of these industries—not to increase productive capacity, but merely to restore it to something like the level of equipment and efficiency of eight years ago. This demand cannot become effective because there is no market for new capital. From 1930 to 1934 no capital was formed

in the United States; ours was a deficit economy, with no savings. From 1935, savings began to form, and there was a large influx of foreign capital. Yet the new issue market hardly surpassed the amount of capital imports. The inference drawn is that the formation of capital was relatively small, and what there was, was largely canalised into the Treasury either by taxation or borrowing under our system of tax exemption, against which corporate enterprise can no longer compete. In short, this argument runs, the recovery collapsed because of a shortage of capital available for industry.

Increased and Rigid Costs

This argument may be elaborated. The level of production in November is conjectured to be roughly 20 per cent. lower than the average of the last four consecutive quarters, which was about 115. The index for the first quarter of 1936 averaged about 95; and the average for the calendar year 1935 was 90. In other words, the current level of production is in the vicinity of that of 1935, or the first quarter of 1936. Those were not rated as depression periods. But, in the interim, costs of production have been greatly increased, by taxes and by the wage-and-hour arrangements which have become more rigid under our rather recently instituted type of collective bargaining. As a consequence, any decline in the volume of production impairs the profit margin drastically, which has an immediate effect on the formation of capital. On the one hand, it is argued that this rigidity of the wage structure will maintain consumer purchasing power; on the other, that its tendency is to increase unemployment.

The impaired profit margin is most marked in railroads, utilities, and real estate. The railroads and urban real property, in general, now have almost no earning power on the equity, while in many cases they are not even covering their fixed charges. The utilities are in a stronger position, but the rapid decline in the industrial demand for electricity in recent weeks, in the presence of lower rates and higher costs, has begun to cut into earnings. These are precisely the areas of hypothetical demand for capital goods; but their low earning power on their present capital investment offers no attraction for fresh capital. In short, little capital is being formed; and the industries that need it most are quite unable to attract it because of their impaired profit margins.

Both these opinions are largely deductive rationalisations. The objective fact is that there has been an abrupt collapse from a sustained level of prosperity to a current condition of depression. This depression, whether in the market or in industry, certainly has rational economic causes, however obscure; but it also contains a large measure of pure panic. The recollections of 1929-32 are so vivid to the present generation of business men and investors that memory of itself is a powerful influence in the making of decisions.

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France

The State of Production

PARIS, December 2.—The annual reports of metallurgical firms complain that the recovery in production would have been much greater if the 40-hour week had not been applied so drastically. Production in the last twelve months, that is, from July 1, 1936, to June 30, 1937, exceeded by 16 per cent. the output of the preceding year; and was 85 per cent. of the 1929 production in the first six months of 1937, compared with 68 per cent. in the second half of 1936, and 69 per cent. in the first half. World production in the same period was 10 per cent. higher than that of 1929. Moreover, orders are again diminishing and the outlook is not so favourable as it was in 1936.

Coal production in October was 4,142,000 tons in 23.16 working days, the highest output of the year, except for March, when it was 4,179,765 tons in 23.8 working days, and nearly the same as in October, 1936. Average daily production in October was also the highest of the year, being 178,560 tons, compared with 177,400 tons in January and a lowest monthly figure of 169,000 tons. The increased yield is due to many factors: an increase in the yield per man, and improvements in plant. The general increase in production is due to one or two additional working days, and the increase in staff—241,629 workers were employed in October, 1937, compared with 226,369 in October, 1936. In spite of this favourable trend, the gap between production and requirements remains large; and the improvement in output has lagged considerably behind the increased demand for coal due to the recovery.

The September index of general production (after the period of paid holidays had ended) was 96 compared with 92 in August, and 100 in July. This figure of 96 is lower than the average of recent years, except for 1935. Some industries are very unfavourably situated: in building, the September index of output was 51 against 137 in 1930; and in the textile trades it was 54 compared with 85. The improvement in business, which followed the passing of the social laws and the building up of stocks in face of rising prices, was rapidly stemmed by a rise in the cost of living. The purchasing power index prepared by M. Dessirier fell from 95.3 (100 = 1913) in September, 1936, to 83.5 in October, 1937.

Checks to Investment

The rise in prices and tax burdens hinders the competition of new firms against old ones, which have made their profit out of the devaluation of the franc from 75 to 150 to the pound. Consequently, average monthly new investments of capital in new enterprises were 3 million francs in the first ten months of 1937, compared with 4 millions in the same period of 1936, 11 millions in the first ten months of 1935, and 40 millions in the same months of 1931. This explains why the capital driven away from U.S.A. by the latest crisis is not flowing into business or on to the Stock Exchange; and the fear of fresh political or financial difficulties prevents investors from going into Rentes, as they have gone into gilt-edged in London since the world economic outlook became less promising. The yields of recent public issues suggest that cheap money is confined to the short-term market; although the rate of the two-year Bons de la Défense Nationale has just been lowered from 4 to 3½ per cent.

The Committee of Inquiry into the state of production will be in session daily until the end of December, when it is hoped that its work will be completed. The Government will act on its report, and plans for the adaptation of certain social laws have already been prepared.

Wholesale prices have fallen steadily for seven consecutive weeks. The general index of wholesale prices this week was 590 compared with 595 in the preceding week and 620 on October 16th. The index of the prices of domestic products is 636, compared with 638 last week and 644 on October 16th; and the corresponding indices for the prices of imports are 506 this week and 517 and 576 at the earlier dates.

Unemployment Increases.

In the week ended November 20th, unemployment was 327,494 compared with 305,341, the lowest figure of the year, reached on September 25th; on November 28th last year, however, the figure was 407,831. Fiscal receipts in October were 4,683 million francs.

This yield is 317 millions higher than the estimates and 773 millions above the actual yield in October, 1936. This improvement is mainly due to the yield of Customs and stamp duties. Other receipts, notably from indirect taxes and the turnover tax, show a decline in spite of the increase in prices and in the rate of these taxes. Indirect taxes have yielded 104 million francs less than last year, and the turnover tax has produced 39 millions less. In the first ten months of 1937, receipts were 30,071 million francs against 26,466 millions in the same period of 1936. The ten months' surplus over estimates was 816 million francs; and of the improvement of 3,604 millions compared with the actual yield of the same ten months in 1936, some 2,911 millions were derived from indirect taxes.

Germany

Dr Schacht Retires

BERLIN, December 1.—The definitive announcement of Dr Schacht's retirement from the Ministry of Economy and of Dr Funk's appointment as his successor had no effect on the Bourse, and little on business sentiment. Officially, the change continues to be represented as a necessary consequence of the fusion of the Ministry with the Four Year Plan organisation. The Party Press, however, confirms the public conviction that important questions of policy were involved. True, the Press organs emphasise merely the Party's success in once more making good its claim to hold the chief offices; but that is another way of admitting that Party policy, which is not altogether Dr Schacht's policy, will henceforth be pursued.

It is not to be expected that any radical Party measures will be immediately put through. Dr Schacht has been virtually out of office for several months; and General Goering, who has been in charge, and who will actually be in charge in future, has made no great changes. How far the choice of Dr Funk, who is certainly a strong Party man, will influence developments is not clear. Having already decided that a Party man would succeed Dr Schacht, business circles took Herr Hitler's actual choice of a new Minister with indifference.

The main question of interest now is whether Dr Schacht will remain President of the Reichsbank as long as might be expected from Herr Hitler's friendly letter to him. It seems beyond doubt that Dr Schacht resigned because he was unwilling to bear responsibility for certain recent developments, or because of the increasing obstacles raised against his own policy. But in this respect the offices of Minister of Economy and of Reichsbank President are hardly separable. Dr Schacht was appointed as Minister in 1934 because of the close connection between Reich industrial and armaments activity and the management of credit. If Dr Schacht remains permanently at the Reichsbank, he will therefore not only have to countenance passively the official economic policy but also to co-operate in it actively.

The cost of living index for November was 124.9 compared with 124.8 in October and 124.3 in November, 1936. The only component of the index which changed considerably was clothing, which now stands at 127.6, compared with 123.3 a year ago. The retail prices of ready-made garments have lately risen, and are much higher than a year ago, though owing to changes in the materials used, no close comparisons can be drawn.

Industrial Progress

In October the number of workers employed in industry was larger by 12 per cent. than in October, 1936, and the number of hours worked was 15.3 per cent. greater. The average time worked rose slightly, and was 7½ hours a day. In production goods trades the number of hours worked in October was 16.8 per cent. higher than in October, 1936, compared with an advance of 13 per cent. in the hours worked by the consumption goods trades. The manufacture of machinery has advanced much more rapidly than the production of iron, steel, and other metals, the number of hours worked being 20.6 per cent. higher than in October, 1936.

A Bureau of Statistics report states that industrial activity has already been favourably affected by the Four Year Plan. The number of hours worked in industry in May, 1937, was 97 per cent. higher than in May, 1932. The production of ingot-steel in October was 1,713,600 tons, compared with 1,693,300 tons in September in the same number of working days. Steel output in the first nine months of the year was 16,291,900 tons, which is only 70,000 tons higher than the production of the same months in 1936. Foreign demand for pig-iron is said to be reviving.

The consumption goods industries are now seasonally slackening, after the Christmas trades had done well. The trade Press states that the three companies of the Salzdettfurth potash concern, Salzdettfurth, Aschersleben, and Westeregeln, are to be fused into a single company. Although this report has not been officially confirmed, potash shares, which had fallen since the recent compulsory reduction of 25 per cent. in prices, have advanced. Salzdettfurth was quoted this week at about 178, which is 20 points above the recent lowest quotation.

Busy Shipping

The shipping outlook has improved very considerably. On October 1st only three sea-going vessels, all of inconsiderable size, were laid up. The tonnage of laid-up vessels has fallen year by year, after totalling 303 vessels of 917,800 gross tons at the beginning of 1933. The tonnage of ships in operation is returned at 3,829,000 tons gross, which is 800,000 tons more than in 1933. In the meantime, new ships have been built, and a good many, particularly in the last few months, have been purchased from abroad. Overseas freight traffic, which fell to 39,400,000 tons in 1933, recovered in 1936 to 57,000,000 tons. The official index of German freight rates (1913 = 100) rose from 67.2 in January, 1932, to 76.3 in January, 1937, and to 97.4 in September, 1937. The chief shipping companies are not, however, expected to resume the payment of dividends in the near future. There are still outstanding old debts and the need to renovate tonnage.

A return for 1936-37 shows the combined yield of Reich, State and municipal taxes (municipalities with over 5,000 inhabitants) at over Rm. 15,500 millions, compared with a little over Rm. 10,000 millions in 1932-33.

(In millions of Marks)

	1932-33		1936-37	
	Total	Reich's share	Total	Reich's share
Revenue from:—				
Reich transfer taxes	3,308	1,585	7,414	5,107
Other Reich	3,375	3,375	4,209	4,138
State and municipal	3,539	...	4,037	...
Totals	Rm. 10,222	4,960	15,660	9,245

The Reich's share has greatly increased, being about 59 per cent. of the whole against about 48 per cent. Gross Reich revenue from taxation in the period from April to October, 1937, totalled Rm. 7,933.5 millions against Rm. 6,494.4 millions in the same months of the financial year 1936-37. Of the increase of nearly Rm. 1,500 millions only Rm. 272 millions were derived from indirect taxes.

Holland

Set-Back in Recovery

AMSTERDAM, November 16.—The general collapse of security rates witnessed on all international stock exchanges during recent weeks did not leave Amsterdam unscathed. Not only has the drop been drastic in American securities, but the reaction on local securities has been considerable. According to the Amsterdamsche Bank's computations, the market value of 139 Dutch shares, which was 2,819,748,000 guilders on September 26, 1936, had risen to 4,525,127,000 guilders by August 16, 1937, representing an increment of 60.5 per cent. in 11 months. Approximately two months later the market value had fallen to 3,669,936,000 guilders, representing a drop of 855,191,000 guilders from the peak quotations, and a loss in two months of over half the previous increase in value (50.1 per cent. to be exact). Thus the market value of these shares is now only 30.1 per cent. above the level of September 26, 1936—immediately prior to the devaluation of the guilder.

It is not surprising, in view of this collapse, that people are wondering whether the revival of trade and industry, which set in with the devaluation of the guilder and has therefore only lasted just over a year, has now to be regarded as a thing of the past. The Netherlands Institute of Economics endeavoured to answer this question in an article, stating that:—

The process of recovery . . . has been retarded in the course of the third quarter of 1937. Although the indices of industrial activity are considerably higher than a year ago, the curve has not continued its upward course since July. Imports of raw materials for industrial production also reached their highest point in July. Moreover, unemployment has not declined further since the end of the second quarter, . . . and the number of unemployed has not yet dropped to below the 1934 level. Foreign trade figures are still in excess of the 1932 level. Here again, however, the rising tendency seems to have been arrested for the time being; . . . compared with the corresponding period of last year, however, a decided improvement is still being shown. The advance of the various price indices has come to a standstill too, which need not be an undesirable feature, as this should retard a further increase in the cost of living.

The reaction on the Stock Exchange is no doubt partly responsible for the reduced activity displayed in the new issues market last month. Actually the issues for securing new funds were on a somewhat larger scale, but they were none too successful. The new issues marketed in October totalled 61,300,000 guilders, and some 48,258,000 guilders of which were for conversion purposes.

We reproduce below the figures setting out the international balance of payments of the Netherlands in 1936, issued a few days ago by the Central Statistical Bureau:—

	(In million guilders)					
	Debit			Credit		
	1934	1935	1936	1934	1935	1936
Goods.....	1,081	979	1,072	737	711	796
Interest, dividends.....	63	56	82	164	179	225
Shipping and port traffic	...	...	...	121	116	141
Tourist traffic	34	35	38	4	3	4
Other services	37	29	35	71	65	73
Gold	274	504	516	396	748	456
Capital movements.....	637	587	843	584	445	878

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High Record for Exports

September was a favourable month for the trade of the Netherlands, the value of exports in that month beating all records subsequent to the depreciation of the guilder. Imports and exports during recent years, quarter by quarter, are set forth in the following table:—

(In million guilders)									
	Imports				Exports				
	1934	1935	1936	1937	1934	1935	1936	1937	
1st qtr....	276	226	233	336	168	160	156	246	
2nd qtr....	261	229	234	410	171	159	163	286	
3rd qtr....	251	228	243	399	196	174	194	313	
4th qtr....	250	253	307	...	177	182	233	...	

(In thousand tons)									
	Imports				Exports				
	1935	1936	1937	1935	1936	1937	1935	1936	1937
1st qtr.....	4,652	4,508	4,847	2,948	3,137	3,789			
2nd qtr.....	5,068	4,841	5,963	3,023	3,093	4,022			
3rd qtr.....	5,401	5,407	6,606	3,118	3,347	4,081			
4th qtr.....	5,316	5,602	...	3,360	3,961	...			

The course of events on the international money exchanges has resulted in a brisk demand for guilders, in consequence of a flight of capital to the Netherlands from abroad. The Netherlands Equalisation Fund has consequently been faced with the necessity of purchasing sterling on a large scale, which it has been doing at advancing rates.

Roumania

Cabinet Crisis

BUCHAREST, November 23.—Politics and business are so deeply interwoven in Roumania that the current change in the Government has made itself felt on all kinds of business transactions in which the State is involved, the number of which has grown considerably since the introduction of exchange restrictions and the quota system in foreign trade. The country expected a Government of the National Peasant Party, which is, apart from the Liberals, the only popular and strong party. The democratic ideas of this party are, however, difficult to bring into line with the system which King Carol considers most suitable in the present state of international politics; and the tradition of democracy in Roumanian public life is very short. Accordingly, when the King offered office on strict conditions to the leader of the National Peasant Party it became clear that they would not be accepted; and the King again called upon M. Tatarescu to form a Cabinet. M. Tatarescu enjoys the confidence of King Carol; but, his party, the Liberals, although still commanding support among the electorate, seems to be tired of governing.

State revenue continues to flow in at a satisfactory rate:—

Public Revenue			
	1935	1936	1937
Seven budgetary months (In millions of lei)			
Total revenue.....	12,768.7	13,583.3	14,780.4
Out of which:—			
Direct taxes.....	2,321.1	2,510.1	2,891.9
Indirect taxes.....	3,754.0	4,933.1	5,925.5
Fiscal stamps.....	1,189.9	1,324.7	1,649.4

The much improved opinion of investors about State finance has caused a marked improvement in the quotations of all State loans.

Foreign trade still shows a marked surplus of exports. In the first nine months of this year exports attained the record value of 10,200 million lei, which compares with 5,200 and 3,300 millions, respectively, during the corresponding periods of the two preceding years. Accordingly, the exchange situation of the Roumanian National Bank is gradually improving. If there are still difficulties in making payments abroad, their origin is no longer the lack of foreign exchange but rather the existing clearing arrangements.

Poor Outlook for Crops and Oil

Provisional figures about the crop results are disappointing; only wheat and rye are likely to be above the average, while maize, which is of outstanding importance to Roumania, has produced only a poor yield:—

	Average 1931-35	1936	1937
(In 1,000 quintals)			
Wheat	26,285	35,031	37,014
Rye	3,204	4,532	4,241
Barley	13,122	16,119	8,650
Oats	6,553	8,471	3,805
Maize	53,672	56,120	42,352

The oil industry is the chief beneficiary of the improvement in prices. Its general situation is, however, far from sound, since output continues to decrease. Output during the first eight months of this year was 4.8 million metric tons, compared with 5.9 millions during the corresponding period of 1936. Since drilling has increased, the fall in output must be due to the gradual exhaustion of the oilfields under exploitation. New permits for exploration are likely to be granted, but it has yet to be seen whether the regions where further oil is supposed to be will prove to be as rich as those exploited hitherto. It is fairly certain that the export of oil products will continue to decline: during the first nine months of the current year they have fallen to 4.3 million tons from 5 millions during the first nine months of 1936. On the other hand, the lumber industry has been very active during the whole season; and exports during the first eight months of 1937 were 772,346 tons, compared with 620,304 tons during the corresponding period of 1936.

Banking business has been very active throughout the year. Although several medium-sized bankruptcies occurred during the autumn—in many circles they were taken as harbingers of an approaching downward trend—the year promises to bring record profits to all the banks. Nevertheless, the outstanding feature of banking business continues to be extreme caution; and, as a rule, only short-term credits are being granted. On the other hand, the newly created State-controlled institutions for medium- and long-term loans to small peasants, craftsmen and owners of small mining rights, have begun operations; and hope is expressed that the chronic lack of cheap long-term loans will thus be remedied.

Bulgaria

Electoral Reform

SOFIA, November 18.—At a time when Bulgaria was more than usually dominated by a kind of bureaucratic dictatorship under a strong censorship, the new Electoral Bill came to put an end to the uncertainty about the internal position of the country. King Boris is doing everything possible to restore the country to normal after the *coup d'état* of the Army in May, 1934. The law provides that Parliament shall have 160 members instead of 275, elected directly in single-member constituencies. It allows every citizen over thirty years of age who has paid his taxes, and is solvent, to stand for election on condition that he declares publicly his renunciation of any ideas subversive of the present order of the State. New democratic principles are introduced by the granting of the franchise to all men and married women over twenty-one years of age. The elections are to be held early in March, 1938, and the Bill was received as a further step towards a democratic regime.

Continued Economic Improvement

Two abundant harvests in 1936 and 1937 have contributed to a continuous improvement in all branches of economic activity. The higher prices of agricultural products increased purchasing power and facilitated a record increase in industrial output which, by the end of

September, 1937, had risen 30 per cent., compared with the same date in 1936. The net increase of bank deposits in the same period was over 1,200 million levas, or about 10 per cent.

Easy conditions in the autumn foreshadowed a big rise in the advances and the discounts of the National Bank: these items reached a level of 1,050 million levas (against 450 million levas in 1936), which has brought the position very near to that of 1929. State revenues during the first eight months of 1937 rose to 5,523 million levas or 17 per cent. more than in the same period of 1936. The deficit on the Budget amounts to only 156 million levas compared with 356 million levas in 1936: and it is expected that this will be covered by the end of the year.

Large Import Surplus

The expansion in the value of foreign trade in the first nine months of the current year has been more than 58 per cent. compared with 1936. The value of imports is 67 per cent. higher than in the same months of 1936, and the value of exports was 52 per cent. higher.

	1936	1937
Million levas		
Imports (first nine months)	2,213	3,702
Exports (" ")	2,242	3,376

For the first time since 1930 there is an unusually large import surplus. The apparent deficit of 326 million levas does not affect the current balance of payments much because of the large proportion of imported armaments which are to be paid for mostly in five-years terms.

The National Bank records an increase of gold holdings from 1,607 million levas in September, 1936, to 1,840 million levas in September, 1937. The effective *devisen* held by the bank decreased in the same period by only 103 million levas, from 470 million levas to 367 million levas. The improvement in the foreign exchange position of the bank is due to bigger exports to countries with free exchanges; the German share of Bulgarian exports fell from 60 per cent. in the first nine months of 1936 to 42 per cent. in the same period of 1937; and exports to England reached 476 million levas in the nine-monthly period, compared with a value of 216 million levas in the same months of last year. The value of imports from England, which was only 96 million levas in the first nine months of 1936, rose to 170 million levas in the corresponding quarters of this year.

U.S.S.R.

Independence of Foreign Capital

MOSCOW, November 23.—The Soviet Union's balance of payments for 1936 confirms the increasing independence of the Soviet Union of foreign capital and short-term financing. The figures omit the most significant factors in this independence: the steeply increased Soviet production of gold and the consequent increase of the nation's foreign and domestic gold reserve. Figures about these are considered military secrets.

At the same time, the Soviet balance sheet reveals the strain with which the Bolsheviks have secured this independence and paid the foreign costs of their Five-Year Plans. This strain goes as far as any single reason to explain the human wreckage of this year's purges. At the beginning of 1932 the Soviet Union owed its foreign creditors, chiefly on commercial account, \$1,220,000,000. This was roughly 2,440,000,000 roubles of the 1932 vintage, before the 77.5 per cent. devaluation of February 29, 1936. Five years later, by dint of tightening the Russians' collective belt, this debt had been reduced to "an insignificant sum."

Retirement of this outstanding indebtedness had been largely accomplished before 1936. In that year it absorbed only 385,700,000 roubles, compared with 1,012,600,000 roubles in 1935. Foreign exchange was

correspondingly released with which payments for imports could be increased from 860,000,000 roubles in 1935 to 1,328,181,000 in 1936. This latter figure includes 241,574,000 roubles of imports paid for by long-term English, German and Czech credits. But the English credit arrangement, concluded on July 28, 1936, did not materially affect the 1936 figures, according to Soviet economists. They predict that the figures of the 1937 balance of payments will mark the complete liquidation of the peak load of short-term indebtedness caused by the machinery imports of the first Five-Year Plan.

Reserves of Exchange and Gold

Stalin's lead to the Communist Party at its Sixteenth Congress in 1930—"We must build ourselves solid reserves of grain, of goods, of foreign exchange"—has been followed so far as the last item is concerned. With the gold reserve shrouded in the same mystery as the fortifications along the White Russian frontier, the net balance of 32,024,000 roubles added in 1936 to the foreign accounts of Soviet banks is regarded here as an asset of national defence.

U.S.S.R. BALANCE OF PAYMENTS, 1936

(In thousand roubles)			
CURRENT ACCOUNT		CAPITAL MOVEMENTS	
Income	Outgo	Income	Outgo
Merchandise exports	1,497,542	Merchandise imports (including shipping charges)	1,328,181
Shipping income (net)	71,636	Port fees (net)	1,834
Port fees (net)	1,834	Technical assistance	23,439
Other transport income	15,893	Government expenses abroad	55,081
Insurance income (net)	1,695	Interest on loans and credits (net)	43,990
Non-commercial exports	7,090	Other expenses	61,645
Tourist expenditure	35,133		
Other income	32,375		
	1,663,198		1,512,336
CAPITAL MOVEMENTS			
Repatriation of capital	71,275	Retirement of State and concession bonds (net)	45,982
Increase in short-term debt	241,574	Retirement of commercial credits	354,100
		Reduction of short-term debt and bank credits	31,606
	312,850		431,688
Excess of income on current account	150,862		
Excess of outgo on capital account	118,838		
Net increase of balances held abroad by U.S.S.R. banks	32,024		

Other items in the 1936 balance of payments reflect the same increasing independence. Shipping expenses are entered as a net income of 71,636,000 roubles (compared with 47,500,000 in 1935), because imports are almost wholly transported in Russian bottoms, while export figures are given f.o.b. One-third of Soviet exports were carried by Soviet ships in 1935, and this figure was bettered in 1936. Income from port fees and other expenses of foreign ships in Soviet ports dropped from 11,400,000 roubles in 1935 to 1,834,000 in 1936.

"Other income" dropped in 1936 to 32,375,000 roubles from 164,900,000 in 1935, because of a change in Soviet accounting at the request of the League of Nations. Payments by the Japanese for the Chinese Eastern Railway are now included under the heading "repatriation of capital." The decline in tourist expenditure, which began in 1936 as a result of the liquidation of the Torgsin stores catering for foreigners, is believed to have become even more marked in 1937. At the same time, payments for foreign technical assistance, which amounted to 38,000,000 roubles in 1931 before currency devaluation, have also fallen sharply.

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The export surplus remains the basic factor in the Soviet Union's new independence of short-term financing. For the first nine months of 1937 exports, valued at 1,218,549 roubles, exceeded imports, valued at 1,012,761 roubles; and the monthly surplus has been increasing steadily since April. How great a change this indicates in the foreign economic relations of the U.S.S.R. may be judged by comparison with the accumulated import surplus of 709,700,000 roubles during the fifteen years between 1920 and 1934.

Chile

Steady Activity

SANTIAGO, November 15.—There has been no change of importance in the general economic situation of Chile. Trade and industry are maintained at a relatively high level and above that of last year. A comparison of the results for the first eight months of the current year with the same period of last year shows a considerable rise in mining production. The general index of mining activity rose 50 per cent., which is largely due to the increase in the production of copper—the output of bar copper for the period January to August, 1937, was 276,000 tons, compared with 150,000 tons for the same period of 1936. The production of nitrate and iodine, iron, coal and other minerals also advanced. The output of gold may this year reach approximately 10 tons, the production up to August last being 6,645 kilos.

The output of the manufacturing industries in general shows only an insignificant rise. The volume of buildings constructed in the large cities rose slightly over 8 per cent., and railway car-loadings advanced 13 per cent.

Exports increased considerably, amounting in value to 693 million gold pesos in the period January to August last, compared with 368 million gold pesos in the same period of 1936. Imports also increased, although not to so great an extent. Their total value for the first eight months of the year was 265 million gold pesos, compared with 229 million gold pesos in the same period of 1936. Imports from the United States for the first eight months of 1937 amounted to 74.7 million gold pesos, compared with 60 millions in 1926; from Germany 68.8 million gold pesos, compared with 64 millions in 1936; and from Great Britain 29.9 millions, compared with 30.9 millions in 1936.

Rising Prices

The price level has risen considerably. The average of the index of wholesale prices for January to August last is 24 per cent. higher than in the same period of 1936; and the cost of living rose 13 per cent. It is noteworthy that the index of the total amount of wages paid in the country rose in the same period by 24 per cent.

The exchange situation has continued favourable. The "export" rate of exchange for the dollar has been maintained at 25 pesos and that for the pound sterling at 123 pesos. The President of the Republic, in a speech made recently, stated that it was not the intention of the Government to appreciate the peso further, and that present exchange quotations would be maintained. It is true that, as a result of the change in the price trend of the principal products in the world market, there has likewise been a change in the conditions which, at least in the first months of the current year, favoured a revaluation of the peso, and were in particular manifest in the "free" market, where the quotation for the dollar dropped from nearly 30 pesos to less than 25 pesos. Lately there has been a new reaction in the "free" market, the dollar having risen to 26 pesos and the pound sterling to 128 pesos.

The fall in the price of metals, coupled with the downward trend in the stock exchanges of New York and London, has produced an adverse reaction in the stock

markets of Santiago and Valparaiso, copper, tin and gold shares having particularly suffered. Lately, however, the downward tendency has spread also to other national stocks. It is difficult to say whether this portends the approach of a general change in the internal situation, or whether it merely represents a repercussion of what has recently taken place in other stock exchanges. In general, trade and industry have reached a degree of activity which does not leave much room for new or considerable increases. The characteristic feature of the present situation is a certain stagnation of business, which, however, does not as yet warrant the assumption that a commercial crisis is impending.

Canada

Albertan Legislation in Suspense

OTTAWA, November 22.—The Federal Government has decided not to exacerbate its quarrel with the Alberta Ministry, and has acceded to the request of Mr. Aherhart that both the validity of the Federal right to disallow provincial legislation and the constitutionality of three bills dealing with the banks and the Press respectively shall be referred to the Supreme Court of Canada. The Government has not, however, agreed to the proposal that these three Bills shall become operative pending the decisions of the Supreme Court. As all the cases are virtually certain to be carried eventually to the Privy Council, the position of this legislation is likely to remain in suspense for many months. The Supreme Court has fixed January 10th for the beginning of the arguments about the challenged legislation.

In October the Federal Government successfully placed a new Dominion loan of \$100 millions, and the proceeds are being used to liquidate the balance of the last of the tax-free 5½ per cent. Victory loans maturing on December 1st.

Canada and Anglo-American Pact

There are no known developments in Ottawa about the Canadian end of the negotiations for an Anglo-American trade treaty. There is opposition to any sacrifice of Canada's privileges in the British market for the sake of facilitating such an agreement; and the tariff issue promises to be a source of trouble to the Government at the coming session of Parliament. Last session a group of western supporters of the Ministry staged a minor revolt against its tariff policy; and in Manitoba both the official Liberal organisation and the United Farmers' Association have recently condemned the Government for its failure to implement its tariff pledges. Dissatisfaction in the West has now been increased by the recent reduction of the duties on mutton from Australia and New Zealand. The Western farmers feel that it is grossly unfair to curtail one of the few measures of protection which they enjoy when duties on most industrial products are being maintained at a level well above that of the Dunning Budget of 1930. In all its negotiations the efforts of the King Ministry will be directed first to reducing the concessions demanded of Canada to as small dimensions as possible, and secondly to securing from the Roosevelt Administration ample compensation for any sacrifices which have to be made.

Business Apprehensive

Heavy rains in Manitoba and Alberta may have been building up reserves of moisture for the next grain crop; but, by saturating large quantities of hay and straw and making them unfit for fodder, they have created a shortage of feed for livestock. Winter conditions have arrived in the prairie country and Western Ontario, but not so far elsewhere.

There has lately been an ominous drop in the general economic index of the Bureau of Statistics:—

Week ending	Car-loadings	Wholesale Prices	Bank Clearings	General Index
November 14, 1936	73.5	76.8	90.4	111.8
October 30, 1937	78.7	84.4	88.1	105.7
November 6, 1937	74.6	83.6	92.4	105.2
November 13, 1937	72.3	83.5	81.4	103.3

The index has shown a declining tendency for ten weeks, and there are now distinct apprehensions that unless the present recession in the United States is checked, Canada will soon feel its consequences and have to face a serious decline in business activity.

Meanwhile, although there has been some curtailment of retail trade, business is holding its own better than in the United States, and merchants are preparing again for a brisk Christmas trade. The number of people on public relief has steadily diminished in recent months; in September the total number of recipients of public relief was 854,194, compared with 978,630 in September, 1936—despite the fact that the number on relief in the drought-stricken areas of the West has risen from 99,931 to 202,112.

The unquenchable optimism of the West is being kept alive by the rapid development as a producer of commercial oil of the Turner Valley Oilfield in Southern Alberta. The daily outflow of oil has so far outstripped the storage facilities locally available that the companies operating in the field have had to agree to reduce the daily output of oil first to 65, then to 45, and now to 35 per cent. of

the producing capacity of the wells. The output of the field is at present being kept down to 7,500 barrels per day; but relief is promised by the decision of the Imperial Oil Company, the Canadian subsidiary of the Standard Oil Company of New Jersey, to spend a large sum on equipment and pipe lines, which will open up wider markets for the Turner Valley's oil.

Manufacturing operations are being maintained, but a factor of uncertainty has been introduced into industry and trade by the downward trend of commodity prices. Retail prices were raised last spring on the strength of advances in the costs of raw materials and labour, but, now that the former have fallen in some cases as much as 30 per cent., wholesale and retail quotations on many lines of finished goods are counted too high, and manufacturers and distributors of consumers' goods are now faced with the problem of taking some losses on inventories and bringing the prices of finished goods into conformity with the new price-levels for finished articles without producing a wave of price-cutting.

The newsprint industry continues to operate at a high level, and its production for October was 314,594 tons, compared with 321,351 tons in September and 301,106 in October, 1936. Its outlook has also been improved by the recent signing of a long-term contract between a group of Canadian newsprint companies and a group of leading Australian publishers, whereby the latter agree to take for a period of years about 175,000 tons of newsprint per annum, at a price varying according to the ruling price in New York.

Letters to the Editor

Living on Capital

TO THE EDITOR OF THE ECONOMIST

SIR,—I was interested by the suggestion that there might come a time when the accumulation of British capital placed abroad would become so vast and the population of Britain so small that everything required for their material well-being could be imported and paid for with the income from those investments. If we were to achieve that happy state, we should not be unaware of its extreme vulnerability: in war-time, we would have no heavy industries to provide a sure supply of the sinews; in peace, the arrogance so prevalent among those who live idly on inherited wealth might induce a League of our Debtor Nations to declare a united and complete default.

Perhaps these dangers could be guarded against by a mass migration of the much depleted British race to emulate the present fortunate few by going to live on the Riviera and in all the more attractive spots in our debtor countries. England could be laid out as a National Park, and we could add to our income by catering for foreigners trying to escape the ever-spreading industrialisation of their own countries by our capital. We could keep a watchful eye on our hard-working debtors, and reap on the spot the income of goods and services they would work to provide for us.

No doubt those of us who had not learnt the art of enjoying perfect freedom and endless leisure might work with our debtors and even, aided by the power of our wealth, participate in their government. What better guarantee could one have of world peace? Mr Wells might well have developed this theme thirty years ago.

Yours faithfully,

L. K. O'BRIEN.

Worcester Park,
Surrey.

Gold and the Dollar

TO THE EDITOR OF THE ECONOMIST

SIR,—In your issue of November 13th (on page 316) it is said "Meanwhile, gold's present vagaries have nothing to do with its intrinsic value or its suitability as the world's ultimate currency basis." I hold a fundamentally different opinion.

Efforts should no longer be directed towards the creating of stable currencies and prices, but towards the establishing of a fair and harmonious relation between the constantly increasing quantity of commodities and the purchasing power of money; towards the creating of a money circulation increasing or decreasing proportionally with the rising or falling level of economic prosperity.

Gold is no longer able to act as a currency basis owing to its production annually being far smaller than the increasing quantity and value of commodities. Without substitutes for currency—banknotes and bank deposits (bank money), the purchasing power of gold coin would have been considerably greater. The world economic crisis of 1929 is a proof that gold in the form of money, owing to its restricted production, enforced money deflation: the prices of commodities expressed in gold-money fell.

The devaluation of sterling in 1931 did not alter the purchasing power of sterling expressed in commodities with the exception of gold (from 84s. 11d. to 140s. 7d. per oz.). In reality only, the value of gold had increased, and will further increase. As long as we have a gold standard or a gold exchange standard, we will always be confronted, owing to the scarcity of gold, with the danger of further devaluations of money.

Very sincerely yours,

Sofia.

Dr K. NEDELTCHEFF.

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POINTS FROM LETTERS

The American Constitution.—The American Constitution does not distinguish between natural and artificial persons, and may be responsible for the difficulty of carrying out the New Deal, since trusts and corporations, as artificial persons, may over-ride private individuals. Yet the bulk of the Constitution defines the powers of *de facto* political artificial persons, such as the President, his Council, Congress and the Supreme Court, while leaving the People, on which all the rest depends, undefined.—*L. C. Burton, Co. Dublin.*

Writers in *The Economist* overlook what is perhaps the chief reason for the American Constitution, namely the geographical background. The United States compares in magnitude with the British Empire, and a measure of local autonomy, responsive to local conditions, is as necessary to the one as to the other. Many Americans prefer partial disability to possible dismemberment, which they believe might result from entrusting the government of so vast a territory to a single central executive. This, I think, was the basis for much of the feeling against the Supreme Court Bill, as well as that against certain other New Deal policies.—*MacPherson Holt, Chicago.*

The Fiduciary Note Issue.—In former days the Bank of England governed the note issue with regard to

the state of the foreign exchanges. Under the present state of inconvertible paper money the whole system of the foreign exchanges has been rendered artificial. This year, owing to large issues of paper money by France and this country, the exchange with America has been unfavourable and there has been a steady flow of gold bullion to that country. To some extent that has now been checked, but an increase now in the fiduciary note issue cannot but have an inflationary effect. It will accentuate the flow of gold to America; and will not be in accordance with the Tripartite Agreement, i.e. "to maintain the greatest possible equilibrium in the system of international exchanges."—*D. M. Mason, Queen's Gate Gardens, S.W.7.*

Wheat Prices and Mortgage Claims.—The gross cash revenues of Canadian wheat farmers, some 70 per cent. "geared" to world wheat prices, moved from an all-time high in 1928 to an all-time low in 1932. While my wheat revenues, for a fairly stable output, moved from \$2,250 in 1928 to \$936 in 1932 and \$895 in 1933, and then recovered to \$1,257 in 1935 and \$1,654 in 1936, my mortgage payments (principal plus interest) remained steady throughout at \$608 annually. It seems to me that this situation throws a questioning light on the wisdom of Liverpool wheat-buyers playing off the Australian and Canadian wheat-farmers against the State-controlled near-slave wheats of Europe.—*"Jack Canuck," Toronto, Canada.*

Books and Publications

After Lenin

The new edition of the Webbs' monumental work is to be welcomed; for this book* will stand, whatever may happen to the subject of it. Here is an account of Russia, in a vital stage of her history, from the hands of two of the most experienced of all contemporary sociological observers. The Webbs' work will have a lasting place in the bookshelf of the historian of the future.

In the first edition of *Soviet Communism*, the sub-

title was followed by a question-mark. In the new edition, this note of interrogation is omitted—and so it is in Victor Serge's book† as well. The Trotskyite exile, however, writes in direct contradiction to the Webbs' thesis. The sub-title of this other work—"A Critical History of the Third International from 1917 to the Moscow Trials of 1936-37"—might perhaps be contested by a critical reviewer. It is a hazardous claim to make for a book written by a man of action who has been in the thick of the stirring and poignant events with which he is dealing—particularly when the tragedy goes on unfolding itself as he writes, so that the tail-end of the book is almost a contemporary chronicle.

This is not to say that the book lacks value or interest. It is both interesting and valuable as a mirror of the feelings of a sincere and passionate combatant in the *melée*. It is a cry of agony and indignation from the heart of one of the companions of Lenin and Trotsky who has grasped the element of greatness and selflessness in their work, and who has since found himself compelled to watch, in helpless rage, while the fruits of their labours are harvested by an arch-political boss who, in the author's view, is betraying every principle of the Bolshevik Revolution of 1917 for the sake of his own personal aggrandisement.

One odd and illuminating feature of the book is the almost uncanny likeness between this discomfited Trotskyite's attitude towards Stalin's triumph in Russia and a discomfited Western Liberal's attitude to the triumphs of the Fascist dictators. Like so many Liberals, M. Serge is content to bewail and denounce the victory of egotism over enthusiasm as an inexplicable atrocity. It does not seem to occur to him that, in singing his dirge over the undoing of Lenin's work, he is implicitly subjecting Lenin to the most deadly criticism. What more damaging epitaph could be written on Lenin's career than to record that he has prepared the way for Stalin?

There is an astonishing close parallel to this chapter of Soviet Russian history in the annals of early Islam, when the Prophet Muhammad's labours were harvested by the crafty Mu'awiyah, while Trotsky's rôle was played by Mu'awiyah's victim Ali. The parallel is illuminating because it makes us aware of the common explanation of the two prophets' equally tragic failures.

* "Soviet Communism: A New Civilisation." Second enlarged edition. By Sidney and Beatrice Webb. Longmans, Green and Co. 2 Vols. 1,326 pages. 35s. net.
† "From Lenin to Stalin." By Victor Serge. Secker and Warburg. 229 pages. 3s. 6d.

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Muhammed's idealism, as well as Lenin's, was betrayed by the unscrupulous violence with which the Prophet set himself to put his ideals into practice. For this was to invite a successor who would stick to the violence while he threw the idealism overboard; and that simple improvement on the Prophet's method is the secret of Stalin's success as well as Mu'awiyah's.

Is it really a new civilisation? Or is it just a new police-state? Stalin might boast that he had come not to destroy but to fulfil—the Czarism. At any rate, M. Serge's book tells strongly in favour of this thesis; and to disprove it will be a tax upon even Mr and Mrs Webb's ability.

Shorter Notices

"Money." By Emile Burns. 94 pages. "An Introduction to Economic Botany." By James Gillespie. 96 pages. "A Short History of the Russian Revolution." By R. Page Arnot. Volume I. From 1905 to February 1917. Volume II. From February 1917 to the present day. Each 96 pages. The New People's Library: Gollancz. All 1s. 6d. cloth or 1s. paper.

These volumes attempt to give a simple and accurate introduction to their respective topics. The success of the venture, which is really something of a Home University Library written from a "left" point of view, cannot be estimated until more volumes have been published and until there is some indication of the response from the public. The price seems a little high in these days of Penguin and Pelican. It is, of course, true that the New People's Library consists entirely of new works and not of reprints, but the general public cannot be expected to understand the economics of the publishing trade. Mr Burns is elementary and attractive on *Money* and contributes a slight but interesting chapter on money and prices in a Socialist economy. *An Introduction to Economic Botany* is quite the most exciting of the volumes under review. It treats a new subject in a new way. The social implications of the natural sciences are seen most clearly in the case of plant biology, and Mr Gillespie has done for botany what, on a very much larger scale, Professor

Hogben has already done for mathematics. Mr Page Arnot's history is well done within its limits, but necessary brevity leads to over-simplification. It was a mistake in the second volume to attempt to bring it up to date. Had it ended at 1921 with the adoption of the New Economic Policy, there would have been more room for a detailed study of the revolutionary period proper. All the volumes except *Money* have suggestions for further reading. Such suggestions are obviously quite essential and we hope they will not be omitted from any future volumes.

"The Economic Policy of France." By Hon. George Peel. Macmillan. 242 pages. 8s. 6d.

Mr Peel knows a great deal about the economic history of France, and is more than a little alarmed about the state of that country's finances. He does not share the vulgar and erroneous belief that M. Blum's New Deal and the coming of the *Front Populaire* were wholly responsible for France's latest troubles. He appreciates not only the cost of reconstruction after the war and of re-armament, but also the effect of curious habits in State borrowing. The case for sounder finance is stated persuasively, although despite his background of information and insight, Mr Peel does not always avoid superficial judgments. Few readers, however, will question the need, amply recognised by M. Chautemps and M. Bonnet in recent months, for France's house to be set in order; and they will enjoy Mr Peel's lucid account.

Books Received

The Meaning of Money. Sixth Edition. By Hartley Withers. (London) John Murray. 280 pages. 6s. net.
Practical Banking. Fourth Edition. By H. E. Evitt. (London) Pitman. 243 pages. 5s. net.
Bills, Bullion and the London Money Market. By W. K. Duke. (London) Pitman. 142 pages. 5s. net.
Property Investment. By R. M. Lester. (London) Pitman. 215 pages. 7s. 6d. net.
City of Chester. Abstract of Accounts for Year ended March 31, 1937. (Chester) Taplen and Paddock, Ltd. 223 pages. No price stated.

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OUR MONEY AND THE STATE. 3rd Impression. 5s. net.

LOMBARD STREET. A description of the Money Market. By WALTER BAGEHOT. Edited by Hartley Withers. 14th Edition. 21st Impression. 6s. net.

WAGES & INCOME

IN THE UNITED KINGDOM SINCE 1860

By A. L. BOWLEY. 8s. 6d. net.

The author has made many investigations into the subjects of wages and incomes at various dates in the last forty years; but some of the more essential studies are now out of print or not easily accessible, and with the accumulation of new information and the making of new analyses earlier estimates have had to be modified. This new book is a résumé presenting the results of the investigations as a coherent whole. It gives a continuous picture of the changing standards of income and of living during the last eighty years.

CAMBRIDGE UNIVERSITY PRESS

LONDON: JOHN MURRAY

MONEY AND BANKING

World Monetary Policy

AN important address was delivered to the Institute of Bankers in London on November 30th by Dr Kienböck, President of the Austrian National Bank and a former Austrian Minister of Finance. Austria is a country which perforce imposed exchange restrictions in 1931, but has since gradually been able to relax them. To-day, in her relations with free exchange countries, she imposes controls only over repayments of foreign capital. Dr Kienböck has thus had first-hand experience both of exchange restriction and de-restriction, which, added to his intimate knowledge of other fields of banking, places him among the foremost of the world's authorities on monetary practice and policy.

The first part of his address this week was concerned with general monetary principles. Dr Kienböck took as his starting-point certain resolutions of the World Economic Conference of 1933. These said that stability in the international monetary field should be achieved as quickly as possible, and that gold should be re-established as the international measure of exchange values, the time and parity being for each country to determine. Dr Kienböck's address re-examined these resolutions in the light of the subsequent events; particularly the increase in gold production and the greater maldistribution of the world's stocks of monetary gold. He concluded that neither development was an insuperable obstacle to a general return to gold.

The increase in gold production, he argued, was a direct consequence of the devaluation or depreciation of many currencies and the attendant rise in the price of gold to a point higher, temporarily at least, than the cost of production. In short, both the increase in gold production and the fluctuations in the value of gold were a consequence, not a cause, of monetary instability. Stabilise currencies, his argument proceeded, and it will be much easier to establish equilibrium between gold supply and demand and so to minimise the natural fluctuations in the output of gold.

Gold maldistribution, he declared, was undoubtedly a serious problem, but it was largely linked up with both gold hoarding and the migrations of fugitive capital. In this respect, also, the prime necessity was to remove uncertainties surrounding the position of particular currencies. Once fugitive capital has returned home, gold will be better distributed over the world. Some maldistribution admittedly will remain, but in Dr Kienböck's view this feature will reflect differences in national wealth. The corollary of this conclusion might be, in fact, a return to the old maxim that the richer areas should assist the development of the poorer areas by credits and other forms of investment.

Dr Kienböck declared himself strongly opposed to any further drift over the question of world monetary policy. Already, he argued, the time was ripe for study, and the Bank for International Settlements might well consider methods which would render easier the defence of an internationally agreed gold standard. Dr Kienböck admitted that he himself was not prepared to describe such methods, and he later said that he was not hopeful that monetary technique could be used to control cyclical fluctuations in trade. There was no doubt in his mind, however, that we must establish a definite point of departure, and that the gold standard provided the necessary basis. He recommended, therefore, that we should proceed to draw up as simple and uniform a programme as possible for the future reinstatement of the gold standard. The ground, indeed, had been prepared by the Tripartite Monetary Agreement of last year.

Leaving these general considerations, Dr Kienböck devoted the second part of his address to Austria's monetary

experience since 1931. For a short time after the collapse of that year Austria maintained the official rate for the schilling, although on the free world's markets it was already quoted at a discount of about 21 per cent. Later, certain groups of importers and exporters were allowed to buy and sell at rates higher than the official rate and closer to the free rate, and gradually this concession was extended to all traders. This change necessarily increased the cost in Austrian schillings of imports from abroad. While it was in progress, however, world prices were falling, so there was no increase in the Austrian internal price-levels; what happened was that Austria did not share in the world-wide decline in prices.

While Austria has now succeeded in restoring almost completely normal dealings with the free exchange countries, her experience with the restricted countries has followed very different lines. In their case, Austria has been forced back upon clearing and compensation schemes, with all their attendant delays and accumulation of arrears. Meanwhile, the restricted countries have frequently been only too anxious to sell their goods to free countries in return for free exchange, rather than to Austria and to other countries with whom they have had clearing agreements. Consequently, the reduction of the arrears due to Austrian exporters has proved a slow process.

The importance of Dr Kienböck's address is beyond question. In this country, the fact that the British Empire, Scandinavia, most of South America and certain other countries are content to base their currencies upon sterling has, possibly, tended to postpone serious consideration of the questions bound up with an ultimate return to the gold standard. Recent events and tendencies, however, have drawn increased attention to the possibility that a continuance of cheap and plentiful credit may be associated with a downward trend of prices and trade. And it may be significant that one of the first stages of the recent setback took the form of a gold scare, which was itself a direct consequence of monetary instability. In England, again, we may be apt to overlook the fact that few people on the Continent repose the same faith in a managed currency as do many people in Great Britain and the United States. Dr Kienböck himself declared that non-gold standards, even if they were perfect, are not calculated to hold the imagination of the public, and his doubts would be echoed in banking circles in such diverse countries as France and Germany.

It does not follow, however, that the time is yet ripe for a general return to gold or that we may not have learned how to make the best of both worlds before that time has come. In the discussion on Dr Kienböck's address, Sir Josiah Stamp emphasised that the speaker was anxious only to take the first step of drawing up a programme; while Mr Brand suggested that the political situation was a serious difficulty in the way of an early return to gold. There may, however, be something to be said for the drawing-up by the Bank for International Settlements of a possible programme, though that programme may need to be widely modified before the time is ripe for putting it into execution. If the main lines of such a programme were evolved and made generally acceptable, then future monetary policy could be gradually shaped so that, if and when the time arrived for the final transition, the interval to be bridged way ahead, and in the meantime the economic and political problems of the restricted countries remain formidable. Dr Kienböck, nevertheless, has done good service by his vigorous protest against drift and inaction.

Financial Notes

Distribution of Bank Advances.—In continuation of the details cited by Lord Wardington at last January's Lloyds Bank meeting, the Bank of England publishes in its statistical summary for November a complete classification of clearing bank advances. This is reproduced below. The 1936 figures represent the nearest available date to October 31st, while those for 1937 relate to various dates between August 4th and October 26th:—

	1936 £mn.	1937 £mn.	Difference £mn.
Textiles (cotton, wool, silk, linen, jute)	39.9	43.8	+ 3.9
Heavy industries (iron, steel, engineering and shipbuilding)	40.7	49.9	+ 9.2
Agriculture and fishing	57.7	60.1	+ 2.4
Mining and quarrying (including coal)	18.1	15.1	- 3.0
Food, drink and tobacco	29.4	32.5	+ 3.1
Leather, rubber and chemicals	12.6	15.3	+ 2.7
Shipping and transport (including railways)	23.2	20.1	- 3.1
Building trades	61.5	68.2	+ 6.7
Miscellaneous trades	67.4	74.7	+ 7.3
Retail trade	60.1	64.0	+ 3.9
Local government authorities and public utility companies (excluding railways)	50.4	54.2	+ 3.8
Amusements, clubs, churches, etc.	40.5	44.5	+ 4.0
Financial (including banks and building societies)	109.5	118.2	+ 8.7
Other advances	258.5	300.4	+ 41.9
Total	869.5	961.0	+ 91.5

The increase in the borrowings of heavy industries is the most noticeable feature of the table. In view of rearmament and the other general activity of these industries, this increase is not surprising. There is also a big increase, both absolutely and proportionately, in the miscellaneous mass described as "other advances." This presumably includes all borrowing by private and professional customers. To a certain extent it represents borrowing for consumption as distinct from production—and it may have been used, in part, for security dealings.

Midland Bank's Record Deposits.—The Midland Bank's monthly statement for November shows deposits of £501.8 millions. This is the first time that the deposits of a commercial bank, either in England or elsewhere, have exceeded £500 millions. The ratio of cash to deposits is 10.4 per cent., while 18.0 per cent. is represented by discounts, 22.5 per cent. by investments, and 43.2 per cent. by advances. The achievement of this record is a notable event in banking annals.

Commercial Bank of Scotland.—This Bank is able to report further progress, and during the year to November 1st last deposits rose from £42.0 millions to £46.1 millions, or to a new high record. There has also been an increase in advances from £13.1 millions to £14.6 millions, and this clearly represents an expansion in the new business of the bank. Cash and investments are higher than a year ago, but there has been a slight reduction in call and short loans. Still the total of cash, call loans and investments has grown from £36.0 millions to £38.6 millions, or to 77 per cent. of the bank's note circulation and deposits. Net profits are slightly lower than a year ago, the decline being from £400,000 to £396,000. The usual allocations are made to reserves and other funds, and last year's dividends are repeated.

Barclays Bank (D.C. and O.).—The accounts of this bank for September 30, 1937, show a slight drop in deposits, but a definite increase in advances.

Discounts are slightly lower than a year ago, and there has also been a drop in cash. The net result is that the bank is now lending a greater proportion of its resources. The drop in discounts and increase in advances may both be fortuitous, as the type of demand for credit depends to some extent upon seasonal factors which vary from year to year. Still the main impression left by the account is that up to September 30th, last the bank was experiencing a growing demand for credit.

	1935 £ millions	1936 £ millions	1937 £ millions
September 30th	87.8	97.0	96.2
Deposits	24.4	25.5	22.8
Cash	12.5	13.1	11.1
Discounts	23.4	27.8	28.3
Investments	29.2	32.2	35.9
Advances			

Net profits for 1937 were £431,000, compared with £401,000 the year before. Last year centenary grants to staff and pensioners absorbed £178,000. This year the allocation to the reserve fund is increased from £75,000 to £100,000, and £75,000 is placed to reduction of premises account. The dividend on the "A" and "B" shares is increased from 11 to 12 per cent.

Bank of Montreal.—The annual statement of the Bank of Montreal for the year to October 30th last shows that total assets have risen during the year from \$804 millions to \$830 millions. Quickly available resources amount to \$599 millions, or to 79.6 per cent. of the bank's liabilities to the public, which total \$753 millions. Deposits have risen from \$691 millions to \$718 millions. Current loans have risen during the year from \$175 millions to \$205 millions, but the contraction of business in the securities markets is reflected in a slight reduction in call loans in Canada. Call loans abroad have also fallen, the decline being from \$25.4 millions to \$19.9 millions. Profits have improved as the result of the expansion in the bank's business, and this year amount to \$3,408,000 or 4.47 per cent. of the bank's capital, reserve and undivided profits. Last year's dividends are repeated. The bank has thus had a satisfactory year, but it remains to be seen whether next year witnesses any recession in Canadian business.

Bank of London and South America.—The accounts of this bank show a noticeable expansion in both assets and liabilities since a year ago. Last year's balance sheet was issued immediately after the absorption of the Anglo-South American Bank, and the consequent readjustments were then hardly complete. This year it is possible to see the full picture, and meanwhile the bank has benefited both from the year's expansion in South American export trade and also from the appreciation of the leading South American currencies against sterling. This latter factor has increased the sterling value of most of the items on both sides of the balance sheet.

	1935 £'000	1936 £'000	1937 £'000
Liabilities:—			
Capital	3,540	4,040	4,040
Reserve	2,000	2,000	2,000
Current and deposit accounts ..	28,289	55,403	58,304
Bills payable	661	1,168	1,402
Acceptances	1,719	2,605	3,032
Bills for collection	6,350	8,953	10,168
Assets:—			
Cash in hand and at call	7,144	13,521	15,314
British Government securities ...	956	2,420	2,635
Foreign Government and other securities	219	2,929	2,890
Bills receivable	6,026	10,118	10,549
Advances	18,651	29,727	30,494
Premises	1,914	2,853	2,688
Net profits	210	253	462
Dividend	3%	3%	5%

Net profits have responded to the increase in the bank's business and resources, and after making full provision for bad and doubtful debts and losses of subsidiary companies, are nearly double those of last year. The dividend has been raised from 3 to 5 per cent., and £200,000

has been carried to contingencies. This last is a wise precaution, because the accounts relate to September 30th, and lately there has been a break in the prices of many of South America's staple exports. No doubt Lord Wardington will discuss this aspect of the outlook in his address to the meeting on December 14th, and he will also probably refer to recent developments in Brazil.

* * *

British Overseas Bank.—This year's balance sheet shows several important changes. First there is a drop in discounts and an increase in advances. This is due to the Hungarian standstill agreement of last July, under which standstill bills, for which Hungarian debtors were liable, were replaced by cash advances. The shrinkage in acceptances is more unwelcome. To a large extent it arises out of the disorganisation of Spanish trade due to the civil war, and this year's balance sheet contains a note that advances to customers and liability of customers for acceptances include balances which come under European standstill agreements and exchange restrictions, and also those due by customers in Spain.

	October 31st		
	1935	1936	1937
Liabilities :—	£'000	£'000	£'000
Capital	2,000	2,000	2,000
Reserves	250	250	250
Deposits	2,638	3,983	3,840
Acceptances	2,989	4,078	3,089
Assets :—			
Cash	247	256	278
Money at call and short notice	869	1,260	1,149
Balances with banks abroad	208	457	197
Bills discounted	554	973	138
Government securities	371	446	446
Other Investments	538	535	645
Advances	1,783	1,957	3,031
Net profit	60	62	52
Dividend	6%	6%	Nil

Taking into account both the contraction in net profits and also the unsettled state of affairs in many of the countries where the bank operates, the directors have decided to pass this year's dividend, and to carry forward the whole of the year's earnings. The decision is regrettable, but all will agree that it is the only prudent course for the directors to pursue.

* * *

Chinese War Risk Insurance.—In ordinary times shipping on the Yangtze River has been insured along the same lines as international shipping, but since the outbreak of the Shanghai hostilities, Yangtze boats have been refused insurance including war risk. Simultaneously aerial warfare practised by the Japanese air force has added to the risks of transport by rail, road and water. As a result, China's internal traffic was seriously disorganised, and for a time it seemed likely that aerial warfare might achieve that disruption of communications which is one of its avowed aims. Under such conditions the Chinese Government have entered the insurance business through the Central Trust of China, an organisation closely affiliated with the Central Bank of China. The Central Trust of China has organised a special war risk insurance department with a capital of \$10 millions Chinese (about £600,000 sterling). This department is prepared to insure war risks affecting goods transported in the interior of China as well as the means of transportation (i.e. especially motor vehicles and boats of all descriptions) and the personnel employed. Demand for insurance on these lines is already considerable, but it is much too early to draw any conclusions from actual experience.

* * *

The Foreign Exchanges.—Francs were in demand at rates of Frs. 147.06-09 up to Tuesday morning, and the French Control was consequently a buyer of sterling and dollars. Its latter purchases brought the sterling rate for dollars down from \$5.00½ to \$4.99½. The strength of

the franc was reflected in the forward market, three months' francs being quoted at Frs. 1½ discount, or the smallest discount for a very long time. On Tuesday the demand for francs ceased, and the French Control stopped buying dollars. A new demand for dollars, however, continued, which brought the sterling rate on Wednesday down to \$4.9855. On Thursday it moved up slightly to \$4.9915. Guilders have been steady at Fl. 8.98½. Apparently the new Dutch loan to France has not had too good a reception either from the banks or the general investor. Belgas strengthened to bel. 29.33½ on Wednesday, but have since returned to bel. 29.36½-7. Swiss francs are unchanged.

* * *

The Bank Return.—The Christmas expansion in the note circulation has begun, and so far amounts to £5.3 millions. The Reserve is reduced by £5.5 millions, and now stands at £62 millions.

	BANK OF ENGLAND					
	Dec. 2, 1936	Nov. 10, 1937	Nov. 17, 1937	Nov. 24, 1937	Dec. 1, 1937	1937
Issue Department :—	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Gold	248.7	326.4	326.4	326.4	326.4	326.4
Note circulation	451.6	485.6	481.1	480.4	485.7	
Banking Department :—						
Reserve	57.6	42.4	66.8	67.5	62.0	
Public deposits	10.6	30.7	33.2	35.4	12.0	
Bankers' deposits	99.1	90.9	86.7	83.8	105.7	
Other deposits	41.1	36.1	36.1	36.3	36.6	
Government securities	82.4	103.9	76.8	76.2	78.8	
Discounts and advances	8.5	8.4	9.0	8.6	10.5	
Other securities	20.2	20.7	21.3	20.9	20.7	
Proportion	38.1%	26.8%	42.8%	43.4%	40.2%	

Movements in the banking department reflect the payment on December 1st of the half-year's War Loan dividend. Public deposits are reduced by £23.4 millions, while the small increase in Government securities may represent Ways and Means borrowing. Bankers' deposits should have received the full benefit of both these changes, but they have also had to bear the brunt of this week's currency withdrawals. In consequence they have only risen by £23.1 millions.

* * *

The Money Market.—The repayment on Tuesday of the first instalment of £8,000,000 due on the French railways' sterling credit made money very plentiful, but in spite of the War Loan dividend payment the following day, there was some calling by the clearing banks on both Wednesday and Thursday. Money generally remains easy. On Tuesday some houses were re-lending at under ½ per cent. Rates for loans into the New Year range from 1 to 1½ per cent. against bills, with higher rates for loans against bonds :—

	Nov. 11, 1937	Nov. 18, 1937	Nov. 25, 1937	Dec. 1, 1937
Bank rate	2%	2%	2%	2%
Clearing banks' deposit rate	1½	1½	1½	1½
Short loan rate :—				
Clearing banks	1½-1*	1½-1*	1½-1*	1½-1*
Others	1½-1	1½-1	1½-1	1½-1
Discount rates :—				
Treasury bills	1½	1½	1½	1½
Three months' bank bills	1½-1	1½-1	1½-1	1½-1

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

Last week's Treasury bills went at just over ½ per cent. This week the banks have been buying sparingly. They took a few February bills at ½ per cent. provided that they were offered December bills as well. Hot Treasury bills have been dealt in at just under ½ per cent. The release of funds through the French repayment and the War Loan dividend have not altered the buying policy of the banks, and it is a question how soon they will cease buying bills altogether until the end of the year. If they do, rates may jump to ¾ per cent. and perhaps even higher.

THE STOCK EXCHANGE

Fate of the Chinese Customs

THE Japanese armies, pressing towards Nanking, threaten the capital city of a nation which has, within its means, treated its creditors honourably. The future political status of vast areas of China is undefined, and the ability of her Government to prolong resistance against the aggressor is questioned. Japanese intentions towards the political and economic rights of foreign nationals in China are ominously uncertain. Yet last Monday the Boxer Loan rose 3 points and the 5 per cent. issue of 1913 nearly 5 points.

The explanation of this singular movement may be that the market has reverted to its earlier policy of welcoming any news which promises the shortening of hostilities. Or perhaps it was intended to applaud the joint representations in Tokyo, emphasising British and American interests in the Customs. But investors must needs look beyond the mere silencing of the guns or amiable professions of good faith. What part will the Maritime Customs play in China's future administration?

To answer this question, we must clearly understand the rôle of the Chinese Customs in the past. The origins of the Customs Administration spring from the Treaty of Nanking in 1842, when five treaty ports were opened to foreign trade with reasonable import and export dues. In the middle 'fifties, the Shanghai Customs office was re-established, with a Chinese-speaking British representative in control. In 1858, following the Treaty of Tientsin, another British nominee, Mr H. N. Lay, became the first Inspector-General of the Customs Service, which had been quickly extended to other ports as they were opened. Mr Lay anticipated the introduction of preventive measures, to his cost. Having elaborated a scheme for the suppression of piracy, he purchased eight revenue cruisers while on leave in England. This flotilla proceeded to China, where the Emperor, placing considerations of sovereignty before those of public finance, repudiated the scheme with great displeasure and forced Mr Lay's resignation.

From that day, nevertheless, the service has enjoyed a succession of distinguished Inspectors-General. In 1898, the Chinese Government undertook to retain a British subject as Inspector-General so long as the British trade in the treaty ports exceeded that of any other nation. That position has always been maintained. After the Boxer troubles, the "Young China" party—desiring to break all bonds of extra-territoriality, and doubtless impressed by the rapid rise in the Customs revenues, following the commercial treaty of 1902, and the opening of the early railways—sought to achieve Chinese control of the Customs. But in 1911 a new British Inspector-General was appointed, and in 1929 he was succeeded by the present Inspector-General, Sir Frederick Maze.

By general consent, the Customs have always provided the example, in Chinese administration, of efficiency and probity. And even in China itself, it has been admitted that foreign control has been no unimportant factor in this record. Of recent years, the Chinese Government has derived substantial revenues from the Customs surpluses, and for this reason if no other, the Nanking Government, left to itself, would hesitate to alter the service in any fundamental respect. The Government has, indeed, applied the historical lesson of the Customs Service to the Salt Administration, which under foreign direction has provided a startling increase of revenues during the past four years. There is, incidentally, no provision in the Reorganisation Loan agreement that the associate chief inspector of the Salt Administration must be British, though he must be foreign. But British or American supervision has enormously

enhanced the effectiveness of both services, and British investors, at least, would be reluctant to grant their confidence, in equal degree, to these services under Japanese control.

The Customs Administration has surmounted, with tact and efficiency, the many problems arising from the grant of fiscal autonomy to China, the civil war and the currency disorders. What of its future? In an article on October 2nd, we showed that Customs revenues might fall 76½ per cent. from their 1936 level and still cover the full Customs loans service. We also showed that Shanghai accounted for 46 per cent. of last year's collections and Tientsin for 11 per cent. We have it on the authority of the Foreign Minister that remittances from Tientsin, where Japanese control has been established, are neither regular nor adequate. And of Shanghai it need only be said that September's trade was nearly 73 per cent. below that of July, before the outbreak of hostilities. Even if the Shanghai Customs House continued its work unhampered, the trade situation would itself be ominous for the investor.

In the short run, obviously, the omens for continued full payment on the Customs issues by China are anything but bright. She has attempted to offset the heavy reduction in revenue from import duties by developing a new form of "interport duty" on goods transported by road, rail or steamer between points in the interior, provided that they have not already paid import duty. This species of business turnover tax may not gather all domestic trade within its net, but it may secure an appreciable yield. If the total revenues do permit China to pay, her willingness must surely be encouraged by the fact that large amounts of domestic bonds, secured on the Customs revenues, are held by banks in China, so that default would further jeopardise the banking structure. We may conclude that China would prefer the part of the peaceful and reasonable debtor, but that her present military burdens may prove too severe to provide her with the means of payment.

What, then, may the investor assume regarding Japan's intentions? The Japanese "Foreign Office Spokesman," commenting on the British and American Notes regarding the Shanghai Customs, has admitted that the military forces desire to control the Customs House. According to this statement, the military authorities "fully understand" that the Customs are a security for foreign loans. But "if the Customs revenues were used for the buying of Chinese munitions, the position would be almost intolerable to the Japanese army." Foreign bondholders, for their own part, have had ample experience in recent years of "almost intolerable" situations. They might even be inclined to apply the term to the present situation in Shanghai. But it would be premature to forecast what will emerge from the Japanese Consul-General's negotiations with the Maritime Customs Administration. Significant hints, however, are being dropped concerning the Japanese attitude. Since the Manchurian ports were seized five years ago no revenues from local Customs collections have been received at Shanghai. It appears that these collections have been accumulating "until negotiations are opened with the new state." By this device, Japan presumably hopes to obtain diplomatic recognition of Manchukuo by paying the creditors with their own money. The same technique, apparently, is envisaged by Tientsin and the Northern provinces. The position of Shanghai, however, may conceivably be on a different footing. Japan certainly has no need—possibly she has no wish—to perpetuate a default on the Chinese Customs loans,

for which she could be held to blame by the Western creditors. Japan's own debt record is so exemplary that foreign bondholders, clutching at every hope in a world where little else remains, may be encouraged to believe that she continues to set great store by financial rectitude. In that event it is possible that, even if Japan secures control of the Chinese Customs, she will at least save her act by making due payments to the creditors.

If payments were forthcoming, however, they might well be hedged about—again on the analysis of past experience—with conditions. Their offer might be coupled, for example, with pressure upon the creditor Powers to use their offices towards stopping the war. Alternatively, it might be based on demands for recognition of Japanese sovereignty in China proper or in Manchuria, or in both areas. To put the matter in its most cynical terms, it might be argued that in these circumstances an offer of full payment would be in Japan's own interests; for a country whose own economic circumstances are deteriorating does not, if it is wise, sever all its business connections.

We may sum up the conclusions of this article by saying that the threat to Nanking, the possibility of divided authority in China and the impoverishment of Chinese finances, all suggest that China may be compelled to default. Payment by Japan might be offered as part of a bargain—perhaps *kuhhandel* is the better word—over Japan's "rights" in China. In neither case would the ultimate investment basis for the Customs issues be sound. Investors in short, would follow Monday's rise in market prices at their own peril.

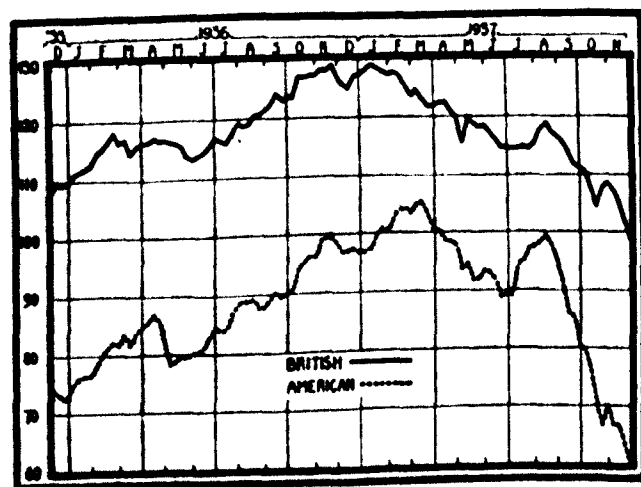
Investment Notes

Course of Share Values.—The course of share prices last month was as harmful to the reputation of the prophets as to the pockets of security holders. The month opened with a recognition, both in Great Britain and America, that the decline in values heralded some recession in trade, whose existence President Roosevelt proceeded to acknowledge, though Mr Chamberlain con-

BRITISH AND AMERICAN INDUSTRIAL SHARE VALUES DURING THE PAST TWO YEARS

(1928=100)

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



tinued to maintain that there was no such thing. The main concern of the markets was with the probable duration and intensity of the recession which share prices were discounting. It was felt that if the well-informed astrologers were right, and the depression, whenever it arrived, was to be only a little one, then prices had already fallen enough. Yet they continued to fall further, almost until the month's end. In America, the

President's statement of his policy was not enough to restrain Niagara, while in Great Britain, where industrial recession is far less noticeable than in America (if it is noticeable at all, as yet), overseas politics lacked compelling force, either as a bull or a bear point. The month ended with a distinctly more hopeful feeling, based on the argument that the market's weakness, in its last phase, had been mainly technical. If prices have been driven down below the level they ought to have reached at this stage, then it is probable that, once their retreat has been arrested, for the duration of one or two Stock Exchange Accounts, they are more likely subsequently to show a moderate rise than a further fall. Presumably some such reasoning as this finds expression in the announcement of the formation of three new investment trusts, of which we give particulars on page 494. The advisability of large security purchases, on a long view, may well depend on how long the view is. There may be a strong possibility that ten or twenty years hence the value of a portfolio of good securities will be higher than it is to-day. To infer, however, that prices have reached bottom in the present movement is another matter; for they may well be lower in twelve months' time than at present.

Is Fixed Interest Illusory?—In a paper read before the Institute of Actuaries last Monday evening, Mr E. H. Lever, joint secretary of the Prudential Assurance Company, made an attack on the fundamental assumptions of long-term investment policy which may have widespread repercussions among institutional investors. Mr Lever contended that both logic and history showed that long-term financial contracts with rigid conditions carried the seeds of their own undoing. If conditions changed to the borrower's advantage, it was frequently found that he had had the foresight to incorporate a one-sided option into the covenant, which allowed him to repay his obligation and re-contract it at a lower interest rate. If conditions changed to his despite, he was apt to default or to bring inequitable pressure to bear on his creditor. The media of fixed interest contracts for industrial companies—debentures and preference shares—were so liable to abuse that resort ought to be had to them only in exceptional instances. Broadly, Mr Lever's conclusions were that in present conditions ten years was long enough for any long-term contract; that preference shares ought to be replaced by participating preferred ordinary shares, with a low fixed rate of interest as a first charge on earnings; and that debentures ought to be limited, in effect, to the value of fixed assets on a break-up.

To many investors, Mr Lever's generalisations will recall the classic definition of the epigram as a statement which, by causing a temporary shock, draws the greater attention to the truth beneath it. Undoubtedly, his main contention is sound. Contracts of over-long duration are inappropriate in a rapidly changing world. But the degree of unsuitability is not a function merely of the time element, but rather of the degree of change which may be expected. Among the elements of change, certainly, the time factor is one of the most important. A decade may be an impracticably short period for the majority of fixed interest contracts, but a century or even half a century is too long. And even ten years would have been too long, e.g. for many steel company debentures, issued at high interest rates in 1920. But changes in prices and interest rates are also relevant to Mr Lever's main thesis, and they are determined by factors other than the mere efflux of time—as is obvious from a comparison of the experience of the last four decades of the nineteenth century with the first four of the twentieth. And in the case of company debentures and preference shares, the factor of earning power is material. If complete stability in income could be postulated, then in theory anything up to 100 per cent. of

company obligations might be of fixed-interest character. No company is ever in this position, but so long as there is a limit below which income is not likely to fall, even in the worst of times, there will always be investors willing to pay for *priority*. Some industries and some companies are notoriously liable to wider fluctuations than others, and this fact, rather than the amount of their fixed assets, should govern the extent of their fixed-interest commitments. A good engineer builds his bridges to withstand three to four times the maximum strain to which they are likely to be subject.

Insurance and Long-Term Investment.—Mr E. H. Lever's address to the Institute of Actuaries, discussed in the preceding note, was rounded off by the application of his conclusions to the question of long-dated life assurance liabilities. Mr Lever argued that, with negligible exceptions, non-profit assurances—which, being long-dated contracts of fixed amount, must in practice depend on some assumed future rate of interest—should no longer be issued. He further argued that with-profits rates should be based on mortality rates only. He would ignore interest, i.e. he would take rate "zero"; while expenses, in so far as they were not met from miscellaneous sources of surplus, would be paid out of interest receipts. No specific addition would be made to the premiums for future bonus. (It will be noted that the speaker did not anticipate that the interest element would vanish.) Premium rates so calculated are shown to be higher than present rates at the younger ages and longer endowment terms, where interest has most play—and conversely lower at the older ages and shorter terms. The elimination of interest (and expenses) means that single premiums under participating whole life and endowment assurances would be equal in amount to the sums assured provided by them; similarly the periodic cash surpluses allotted to these policies would purchase participating reversionary bonuses of equal amount, payable at the same time as the sum assured. The cash surpluses might, of course, be applied in other forms, for example, to purchase assurances of a temporary nature either of fixed or fluctuating amount, or in reduction of future premiums. So long, however, as the probability of the happening of the event upon which the payment of the converted cash surplus depends amounted to unity, the cash and converted amounts must be equal.

One result of the method would be that the participating rates of all offices would be the same, and Mr Lever declared: "... all companies ... would then vie with one another in economy of administration and skill in investment and compete on the profit-sharing side alone." But is this not rather a rosy picture? It would seem that the suggested method would offer at least as much scope to the imagination in regard to estimated future bonuses as is given at present; in reality, true comparisons might be made even more difficult with new methods of distributing surplus. The technical implications of Mr Lever's stimulating suggestions will doubtless attract detailed consideration from actuaries; for example, in such problems as the effect on actuarial reserves and the effective contribution to expenses of policies of different sums assured. It would seem improbable, however, that his ideas will be widely adopted in practice under conditions similar to those ruling in the past or present.

The President and Wall Street.—Wall Street, which nowadays waits on Washington, has during the past week received several crumbs of consolation from the high table. The President announced that he would assent to tax revision discussions when Congress was ready, but later it was stated that Congress would not be ready this session. The President's second contribution was far more substantial. His housing programme

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will give considerable Government aid to the building industry, but the responsibility for promoting building revival is laid squarely on private enterprise and labour. The effect may be substantial, but most certainly it will not be rapid. Further evidence of the President's inclination for judicious compromise was given by his recommendations of various cuts in Government grants for State expenditure on roads and similar public works, and his continued insistence upon the need to balance the Budget. There is apparently to be no revival of drastically unbalanced Budgets, and if Congress passes expensive measures for farm relief it must either provide the revenue or anticipate a veto. Mr Gay has replied, on behalf of the Stock Exchange, to Mr W. O. Douglas's recent charges, in a mild and conciliatory tone. And Mr Willie, President of Commonwealth and Southern, has published his proposals to the President's recent conference on Utilities, which suggest acceptance of the Government's standard of valuation on a prudent investment basis, modification of the "death sentence" clause of the Holding Company Act, and a compromise on the T.V.A.—the main point of the latter being that accounts should be on the same standard as those enforced on the private companies. The combined effect of these various developments has been to induce a little more confidence in the markets. There was a substantial rise in prices in anticipation of the President's housing message, and prices have since oscillated around slightly lower levels. A large volume of short covering is reported. Steel output seems to be near the bottom of its recession, and optimists are beginning to feel that a period of convalescence may be hoped for, which may last through the first quarter of next year.

Foreign Bond Movements.—November was a distressing month for the foreign bond market, which is threatened by default from Brazil and by the Sino-Japanese war. The effects are sadly revealed in the Municipal and General foreign bond index, which shows a fall of 13 per cent. from 98.5 to 85.5—the lowest level so far recorded. The South American index registers a 25 per cent. fall on the month—it has actually fallen 39 per cent. from February's "high"—but it still stands higher than in the period from August to October, 1935. Chinese Customs and Salt loans have fallen no more severely than Japanese issues and, as the Near and Far East index shows, the recent fall in the bonds must be accounted moderate for circumstances of war. The index figures are given below:—

Average January-June, 1934=100

End of Month	Europe	Near and Far East	Egypt	South and Central America			Complete Index	Unde-faulted Bonds	De-faulted Bonds
				States	Pro-vinces	Total			
1936 Nov.	(31) 95.4	(31) 110.6	(4) 99.6	(36) 107.2	(11) 101.0	(47) 105.7	(113) 108.9	(59) 104.5	(54) 103.2
Dec....	97.7	114.0	99.7	107.2	110.0	117.8	110.8	105.8	115.3
1937 Jan....	103.6	116.2	100.6	(35) 128.5	(46) 131.7	(129.3)	(112) 107.3	(58) 107.3	128.5
Feb....	102.9	120.0	99.6	128.5	131.7	129.3	(111) 107.3	(57) 108.1	131.4
March	100.3	120.8	97.8	126.2	120.1	124.7	(110) 106.7	(56) 106.7	126.0
April	100.9	120.2	97.1	124.7	122.7	124.3	115.7	106.6	125.4
May...	101.6	125.1	98.3	124.3	120.7	123.4	116.2	108.0	125.3
June...	101.9	125.5	98.1	124.8	118.2	123.2	116.6	109.0	125.1
July...	105.9	117.6	97.9	127.8	117.5	125.3	116.7	106.3	128.6
August	109.1	95.3	98.5	122.4	118.4	121.4	107.7	99.1	117.4
Sept.	101.9	87.2	99.5	116.1	111.8	115.0	102.4	95.9	109.7
Oct....	99.0	88.1	98.3	105.1	108.2	105.8	(109) 98.5	(54) 95.5	101.5
Nov.	97.7	81.6	97.9	82.4	74.2	80.4	85.5	88.6	82.5

No alteration has been made between defaulted and unde-faulted bonds in respect of the threatened default on Brazilian issues, but with the reduction of the total number of issues to 109 by the Finnish Railway repayment, defaulted issues now exceed unde-faulted in number owing to the transfer of the Polish Stabilisation Loan from the latter category.

Company Notes

P. and O. Results.—The full accounts of Peninsular and Oriental Steam Navigation leave no doubt that the 4 per cent. dividend—disappointing as it was to the optimists who had bought the deferred stock up to 37s. 6d.—represented the limit of the company's financial achievement last year. And the payment was made after bringing non-trading revenue into account. The result shows how far the market had lost touch with the chairman's warnings twelve months ago. There will be some disappointment, however, over the fact that the parent company's net shipping income for voyages completed to last June has fallen from £1,284,923 to £1,115,837. The report points out that the recent improvement in liner freight rates is not fully reflected in earnings, but it would seem that rising costs are mainly responsible for the decline. Income from shipping subsidiaries totalled £413,612—an advance of £42,013—but while their earnings, in the aggregate, covered more than 5 per cent. depreciation provision, the amount set aside represented less than this rate. Total profits, excluding non-recurring items, fell from £2,114,420 to £1,975,695. The parent company's depreciation provision is maintained at £880,000 (plus £5,000 for tugs) and apart from a reduction of approximately £46,000 in loan and exchange charges, expense items are little changed. The profits of the past three years are analysed below:—

	Years ended September 30th		
	1935	1936	1937
Net voyage receipts to June...	1,054,862	1,284,923	1,115,837
Subsidiary shipping companies	288,629	371,599	413,612
Other investment income	305,183	318,112	298,277
Coaling, etc., and other income	151,651	139,788	147,969
Total profits	1,800,325	2,114,420	1,975,695
Depreciation	868,944†	885,000*	885,000
General expenses and interest	613,035	593,418	546,777
Debt interest	317,700	314,663	312,030
Preferred dividend	152,000	152,000	152,000
Deferred stock:—			
Earned	Dr. 151,354	169,339	79,888
Paid	Nil	183,701	183,701
Earned %	Nil	3.7	1.7
Paid %	Nil	4	4
Contingencies reserve	†	*	150,000
Special receipts	156,353	7,570	244,920
Carry forward	158,885	152,093	143,200

* Special reserve of £6,481,434 from asset realisation used thus: £300,000 to reserve account; £250,000 to writing down investments in subsidiaries; £5,931,434 to writing down fleet. † Also £450,000 transferred to depreciation from debenture redemption reserve.

Special receipts total £244,920, of which £74,920 represents income tax credits, and £150,000 of this total, in effect, is applied to "reserve for contingencies including reconditioning steamers." The chairman last year stated that a depreciation allowance of £880,000 would remain appropriate in the absence of a considerable increase in shipbuilding costs. Is the contingencies allocation an indirect method of supplementing the provision in a year when shipbuilding and repairing costs rose considerably?

Two features stand out in the balance sheet. The first is the conservative book valuation of the fleets, for substantially more than 5 per cent. depreciation quotas have been provided. Part of this £9½ million surplus, however, results from the special capital transfer of £6 millions last year. The second feature is the very large total of £15 millions of net liquid assets held by the group. But neither conservative asset valuation nor financial liquidity justifies stockholders in expecting the company to distribute handsome dividends from sources other than earnings. And on the operating side, costs can scarcely be significantly reduced this year. Indian and other freight rates are higher, though certain

Australian rates have fallen. The Far Eastern trade has been seriously affected by the Sino-Japanese war, though measures of co-operation in the passenger trade, it is hoped, will prove beneficial. At the present deflated price of 2rs. 6d., the £1 deferred stock units still yield no more than £3 14s. 6d. per cent. Clearly, they discount an appreciable increase in earnings, of which, it must be confessed, the present accounts reveal no sign.

Tube Investments Meeting.—Mr Arthur Chamberlain's speeches to Tube Investments stockholders invariably present a forceful and commonsense view. He has, in the past, invited his audience to consider the shortcomings of company accounts before asking their approval of their own balance sheet. Last year, he compared the advantages of "honest business" with armament work. On Wednesday he criticised the high prices demanded for industrial raw materials and the difficulties of obtaining supplies last year. The group increased its turnover by 25 per cent., and so, while it made moderate price adjustments in relation to rising labour and materials costs, the resulting profits were unexpectedly large. The increase in turnover enabled the group to spread its fixed—or, in Mr Chamberlain's descriptive word, "dead"—charges to unwonted advantage. But the chairman spared no criticism of certain suppliers of raw materials whose price policy, he declared, would bring retribution in its train. Consumers have long memories, and Mr Chamberlain's is one of the longest. He has a little list, and on it appear those suppliers who accepted too much business and then gave delivery only to those customers who paid the highest price. It also includes the new trade associations, who, he feels, have been more mindful of their new powers than of the virtues of moderation. The "iron and steel people," however, have pride of place among those who never would be missed. Mr Chamberlain, with effective irony, charges the Federation with bluff. He reads the announcement of stable prices for 1938 as a "desperate but futile attempt to maintain exorbitant prices a few months longer." In his view, it heralds an imminent drop in steel prices which, it was intended, might be postponed. For the Tube Investments group, the outlook seems favourable. Turnover in the first quarter of the current year exceeded the 1936-37 figure, but the later records achieved last year may not be repeated. But the company's dividend policy is explicit. The board decided in favour of a 23½ per cent. dividend rather than a scrip bonus distribution, and if profits fell as much as £250,000 this rate could be maintained. The stock has made a rapid recovery from last week's depressed level to 85s. 9d. and yields £5 11s. per cent.

Tate and Lyle Report.—The process of consolidation which this company has pursued in recent years is well illustrated by the full report. With total profits practically unchanged at £1,325,362 (the accounts confirm the net profit figure calculated in a Note on page 381 of *The Economist* of November 20th) it appears that considerable stability has already been achieved, and that in due course some extra contribution to profits may be made by the economies from amalgamation and co-operation. In some respects, the assets position shows greater movement and interest than earnings. In the past years substantial additions have been made to properties, amounting in 1936-37 to £202,943. The Caroni Sugar transaction, apparently, is now reflected in the accounts. The rise in investments in subsidiaries, from £34,989 to no less than £296,089, also presumably includes Tate and Lyle's share in the Waterloo Sugar Estates flotation last July. Each of these acquisitions involved some £52,000 as the purchase price of roughly half the ordinary shares, and it has since been announced that Waterloo and Caroni are to be amalgamated. But these investments in subsidiaries still remain much smaller than the holding in British Sugar Corporation, which forms the bulk of the £629,556 interest in Associated companies. The reported acquisition, through a

subsidiary, of the Jamaican sugar properties of United Fruit Company for £650,000 is not apparent in the balance sheet. Owing to these substantial increases in fixed assets and investments, coupled with a very large rise in stocks from £1,187,918 to £2,054,123, it is not surprising that cash has fallen from £2,444,628 to £943,102. Net liquid assets, at £2,022,000, are, however, only £338,000 lower. The company's new cane sugar developments are of interest to the long-term holder.

Turner and Newall Record.—The directors of Turner and Newall have satisfied conservative market opinion with a dividend distribution of 20 per cent. The preliminary profits statement shows that net trading profits, after providing for depreciation and taxes, have increased by £170,181 to a new record level of £1,333,489. The dividend, of course, is payable on an increased ordinary capital of £5,328,448, against £4,843,933 for 1935-36, and the profits statement shows that the rate of earnings on the increased capital has been fully maintained, after setting aside £40,000 in respect of the estimated N.D.C. liability for the half-year to September. This year, however, the general reserve allocation is halved, at £100,000, while the balance carried forward is increased by £16,701. The profits are analysed below:—

	Years to September 30th		
	1935	1936	1937
Net trading profits, after depreciation, directors' fees and income tax	780,625	1,163,308	1,333,489
Pensions fund	10,000	10,000	10,000
National Defence Contribution	...	...	40,000
Preference dividend	101,098	101,098	101,098
Ordinary shares:—			
Earned	669,527	1,052,210	1,182,391
Paid	605,492	847,689	1,065,690
Earned %	14.2	23.0	22.9
Paid %	12½	17½	20
General reserve	100,000	200,000*	100,000
Carried forward	94,548	99,069	115,770

* And £337,097 from share premiums.

For fuller information regarding the past year, stockholders must wait until the report is in their hands on Wednesday week. The results, however, are highly satisfactory. If the company has followed its normal practice, the profits disclosed above represent the full distribution of subsidiaries' profits (less losses), and thus show, in effect, the net consolidated earnings of the group, subject to any inner reserves which the subsidiaries may have made. The group's expansion continues. Only a month ago it was announced that a new factory is being established near Johannesburg, while two new factories are to be erected in India. It is developing a new industry in asbestos pipes, both home and overseas, and there is scarcely a trade which does not call, at

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some point, for the products of the Turner and Newall group. The £1 stock units have lately improved to 84s. 4½d., and after allowance for the final dividend, they offer a yield of £5 1s. per cent. We propose to assess their prospects more fully on the publication of the report.

Further United Molasses Progress.—Stockholders of United Molasses have welcomed the excellent dividend of 21½ per cent., backed by an impressive preliminary earnings statement. Last year was highly profitable for the group, thanks rather to the shortage of tanker tonnage than to any material improvement in the molasses situation. Consolidated net profits of the group consequently jumped from £759,044 to £946,241, and, following the repayment of the debentures, the amount earned for the parent company's ordinary stock has increased by an even greater sum from £321,412 to £534,421. The dividend is covered by the earnings of no less than 36·7 per cent., and the large sum of £225,000 is set aside to general reserve. The following table compares the latest preliminary statement with the results for 1935 and 1936:—

	Years to September 30th	1935	1936	1937
Consolidated profits, after expenses and taxation	£	718,200	759,044	946,241
Depreciation	£	297,608	303,678	318,101
Debt interest	£	178,965	56,298	...
Staff funds	£	8,000	20,000	37,000
Preference dividends	£	58,125	57,656	56,719
United Molasses ordinary stock:—				
Earned	£	175,502	321,412	534,421
Paid	£	120,311	207,148	309,267
Earned %		11·7	21·7	36·7
Paid %		8	14	21½

General reserve*..... 80,000 110,000 225,000
Carried forward..... 45,216 49,480 49,634

* Share premiums and investment profits transferred to general reserve: 1935, £78,145; 1936, £122,643; 1937, £215,123.

Stockholders may regard the depreciation charge of £318,101 as very adequate. The tanker fleet, in fact, has an average age of 8½ years; it will be written down to scrap values, at the present rate of depreciation, in about five years, but the effective future life may be put at eleven years. Similar strength has been injected into the reserve position. In 1934, the company had only a credit balance carried forward of £70,000 to protect its equity. Recent provisions from revenue and large direct transfers have quickly raised a general reserve fund of £830,911, which compares with an issued ordinary capital of £1,940,500. The recent strengthening of the Gulf freight market suggests that the new year has opened well for the company. Certainly, it is in a much stronger financial position than only two years ago, and while the

molasses market promises more for the future than the present, the fact remains that the company is essentially a storage and transport company enjoying considerable prosperity at current freight levels. The 6s. 8d. stock units are quoted at 25s. 3d. to yield £5 12s. 3d. per cent.

Dorman Long Accounts.—The full accounts of Dorman Long, set out with comparative figures for the last two years, emphasise the conclusions suggested by the preliminary figures which were discussed in a note on page 381 of our issue of November 20th. The profits have increased satisfactorily: total gross profit is up from £1,128,916 to £1,396,701, and even after increased allocations for depreciation and taxation, 31·3 per cent. has been earned on the very highly-g geared preferred ordinary and 23·3 per cent. on the even more highly-g geared ordinary shares. The board, however, has been unable to recommend the payment of dividends of more than 18 per cent. and 10 per cent. respectively, and there is some evidence that this order of payment represents the peak which investors may regard as properly distributable. The equity indeed is very highly geared and the company operates in an industry which is itself highly geared in its vulnerability to cyclical fluctuations of trade. The board, therefore, rightly adopts a conservative dividend distribution policy. Actually, the board's sound financial policy since the reconstruction has greatly strengthened the company's ability to face any possible decline in demand. There is now a cash holding of £936,091, the bank debt has been entirely liquidated, and surplus liquid assets exceed current liabilities by £2,696,000. At the same time, however, the position of the junior shareholders, if there is any decline in the company's profitability, must be regarded as vulnerable.

Crompton Parkinson's Position.—The rate of progress achieved by this electrical manufacturing company between 1934 and 1936 has not been fully maintained. But a rise of 12 per cent. in total earnings to £432,114 for 1936-37 after providing an unstated amount for N.D.C. is commendable, particularly in a year of rising costs. The report declares that the maintenance of the ratio between profit and turnover was due rather to improved manufacturing methods than to price adjustments. The accounts do not distinguish the charges (such as tax and contingencies) upon gross profits, but the appropriation of earnings in recent years is shown below:—

	Years ended September 30th	1935	1936	1937
Profit	£	272,244	384,608	432,114
Depreciation	£	25,184	25,000	25,000
Benevolent fund and fees	£	13,250	10,250	8,250
Preference dividends	£	43,658	43,658	43,658

Ordinary and "A" Shares:—			
Earned	£	190,152	305,700
Paid	£	29,856	62,435
Earned %		99·8	76·4
Paid %		12½	76·9
Capital bonuses %		107	7

To reserve	£	154,377	224,963
From reserves, for bonuses	£	258,184	34,963
Carried forward	£	63,430	79,232*

* After debiting £2,500 capital increase expenses.

The company shows a remarkable increase in profits over so short a period as five years, but its distribution policy has proved somewhat complex. In the past four financial periods, the cash dividend has remained at 12½ per cent., but it has been accompanied by regular and by special capital bonuses. In 1932-33 a 5 per cent. capital bonus was declared, raised in subsequent years to 7 per cent. In addition a 100 per cent. bonus was declared in 1934-35, and there is to be an extra 33½ per cent. this year. The trend of profits broadly

justifies regular capital bonuses, and it is, of course, legitimate that the share capital should keep a reasonable relation with the physical expansion of the business. But there is nothing inherent in the electrical industry which indicates a geometric expansion of profits, and thus justifies a capital bonus policy in the long run. The market, which reckons scrip bonuses as greater prizes than cash, in turn robs the shares of attraction for the investor who requires income. At 47s. 6d. cum dividend and bonus (equal to 33s. 6d. ex all), the 5s. shares yield only £1 17s. 3d. per cent. On earnings, adjusted for the increased capital, the yield of £8 4s. per cent. is no more than adequate. The company's bonus policy has promoted a high degree of liquidity, and net liquid assets, at a record level of £1,112,858, are only £200,000 less than fixed assets and interests in subsidiaries.

Commercial Motor Results.—Though opposed in tendency, the A.E.C. and Dennis results are reasonably in accordance with the advantages and risks attaching to the respective businesses. Associated Equipment Company have followed up the remarkable progress made in 1935-36 by a 22 per cent. increase in total profits to the record figure of £435,952. The company enjoys a ten-year contract, dating from December, 1933, with London Transport for the supply of a large proportion of the Board's requirements for chassis and repair parts. But there is no question of exclusive rights and the agreement is a factor making for stability and not necessarily for progressive profits, which depend on outside sales. Meanwhile the company's record in recent years has been very satisfactory. Particulars of recent profits are given in the following table, together with Dennis Brothers' result:—

	A.E.C.			Dennis Bros.		
Years to September 30th	1935	1936	1937	1935	1936	1937
Total profits	£	209,535	355,180	435,952	137,918	151,714
Depreciation	£	48,074	59,578	104,368	14,119	13,501
Taxation	£	30,000	60,000	120,000	...	...
Fees and other expenses	£	2,263	2,534	2,100	5,917	5,026
Ordinary shares:—						
Earned	£	129,198	223,068	209,484	117,882	133,187
Paid	£	93,750	112,500	112,500	112,500	125,206
Earned %		11·1	19·5	18·7	158·9	180·6
Paid %		8½	9½	10	150*	166½
Reserve	£	25,000†	85,000	100,000	115,815	123,796
Carry forward	£	244,432	255,000	260,000‡	115,815	123,796

† Also £15,000 to reserve against a loan on mortgage. ‡ After bringing in £8,016 balance of this reserve not required. * Also special dividend of 50 per cent. (taking £37,562) from surplus on White and Poppe realisation.

Despite the large increase in total profits, A.E.C. net earnings are some £13,500 lower, owing to the doubling of provision for tax, and a generous allowance for depreciation. In our table earnings and distributions are expressed on a gross basis, but the tax-free dividend of 7½ per cent. is, of course, unchanged.

The Dennis dividend had largely prepared the market for the disappointing drop in profits, but the latest figure of £117,006 had a poor reception. This company has encountered difficulty owing to the tendency for the field of competition to narrow. In the heavy vehicles trade a handful of makers compete vigorously to obtain business in a market affected by differential speed-limit restrictions. At last year's meeting Sir Raymond Dennis pointed out that closer attention was being paid to vehicles weighing under 2½ tons and thus enjoying a higher speed limit, but there are established makers in this range also. A.E.C. £1 units at 37s. 6d. yield £5 6s. 9d. per cent., and Dennis Brothers' rs. shares at 21s. 7½d. only 1s. 3d. per cent. more. The relatively low yield on the Dennis shares must be attributed largely to the balance sheet position. General reserve has stood for many years at £650,000, against total assets of £1,059,336, and, together with the carry-forward, is equal to 10½ times the share capital.

Other Company Results.—This week our usual analysis of profit and loss accounts, appearing on page 506, includes some 50 further companies, in which brewery concerns are predominant. The results are discussed on page 495, under the heading "Shorter Company Comments."

Company Meetings of the Week.—Reports of company meetings begin on page 496 of this issue. Mr Arthur Chamberlain's comments at the *Tube Investments* meeting are discussed in a note on page 487. Mr A. Woolley-Hart declared to shareholders of *Glass Houghton and Castleford Collieries* that the new Coal Mines Bill would not bring appreciable benefit to the industry. Nor was he optimistic about the effects of amalgamating large concerns. At the meeting of *Wankie Colliery Company*, Sir Edmund Davis refuted the notion that the company's prosperity could be endangered by the development of an outside property in Southern Rhodesia. Mr G. H. Harrison, at the *Central Uruguay Railway* meeting, distinguished two main factors working against recovery—competition from road transport and the continued depreciation of the peso. Mr John A. Agnew, at the *New Goldfields of Venezuela* meeting, referred to Mr C. O. Lindberg's report that the physical condition of the mines and equipment were in better shape than ever before. The excellent prospects of *Gold Coast Main Reef*, based on substantial ore reserves, were described by Lord Dorchester. Mr A. Chester Beatty declared at the *Trepca Mines* meeting that the long-range outlook for both lead and zinc was fundamentally healthy. Mr John Agnew, in addressing *Consolidated Goldfields of South Africa* members, discussed the deterrent effect of mining taxation burdens upon the raising of capital to develop new mines, and referred to the proved existence of the main reef at Venterspost.

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THE WEEK IN THE MARKETS THE STOCK EXCHANGE

SETTLING DAYS

TICKET: DECEMBER 14 ACCOUNT: DECEMBER 16

UNTIL the middle of the week, security prices continued their recent advance, though the explanations given were not always easy to reconcile. Some observers detected further covering by the professional bear; others were convinced that the recovery sprang from solid investment support of an institutional character. Perhaps the formation of three new investment trusts this week linked with the second view. And perhaps the accumulation of straws blown by the industrial wind contributed to the mid-week hesitancy. The trade reports, indeed, provide some signs of a check to demand which it would be idle to ignore. Politics, however, have been self-cancelling. The success of the Chautemps talks helped the investment sections, but the Far Eastern news—particularly the reported threat to Hong Kong—was regarded with some seriousness.

Gilt-edged opened with a fresh advance. Although Old Consols and Local Loans closed unchanged on Monday, undated stocks were generally well supported, while a further rise was registered by National Defence Bonds. The improvement was well maintained on Tuesday, but checked at the close on Wednesday. Losses of $\frac{1}{4}$ were common on Thursday. In the Dominion market, the Australian scrip opened at an appreciable discount, underwriters being left with 67 per cent. of the total, and little interest was taken in the loan.

The Chinese list showed a sharp recovery on Monday, on the representations of the Powers regarding interference with the Customs collections, but the advance was too rapid to be fully held. We examine the general features of the Customs position in a leading article on page 483. Japanese bonds recovered in mid-week, but further selling of Brazilian issues was pressed on an unwilling market. The improved international situation was of help to German issues.

Home rails opened with considerable dash, but support was curtailed, particularly after a set of rather unimpressive traffics. In the Argentine section, conditions were quiet but firm, with interest mainly concentrated upon Cordoba first debentures, following the meeting.

For the first half of the week, industrials were more satisfactory than for some time past, widespread if modest gains being recorded. After a cheerful start, activity fell, but on the whole earlier advances were held though not usually improved upon. On Monday the Dorman Long accounts helped the iron and steel section, and rises were fairly general. One of the chief centres of attention was Tube Investments, before and after the meeting. Stewarts and Lloyds, however, inclined to weakness. Coal shares were a steady but quiet market, with William Cory in modest demand. Among electrical equipment shares, Crompton Parkinson rallied somewhat from the initial setback following the report, but other shares in the section showed no uniform tendency. Motor shares were satisfactory, with support for Leyland Motors in evidence. Textiles continued to make a mixed and undecided showing, but steadied in mid-week.

Brewery shares were helped at first by some demand from the provinces, on the publication of several good reports, but after profit-taking, an irregular tendency set in. On Monday, tobacco issues were well supported, especially Carreras, but an easier tendency followed. Stores were firm under the lead of Woolworth. Towards mid-week Tate and Lyle rose on the issue of the full report, and there was some demand for Unilever. The miscellaneous group followed the general trend. I.C.I. improved, and there was some quiet support for Turner and Newall in anticipation of the dividend. In the shipping group, the centre of interest was the start of dealings in Union

Castle ordinary stock units and the quotation of the Realisation shares ex rights. P. and O. deferred reacted further on consideration of the results.

Oil shares started the new account in promising fashion, following a general advance in American oil shares over the week-end. The decline in the latter resulted in dullness on Tuesday morning, but purchases of the leading favourites by Amsterdam and Paris brought a distinct turn for the better. Anglo-Ecuadorian shares improved on the surprise dividend. On Wednesday higher prices for American oil stocks and an appreciable decline in U.S. production assisted the market, and a fair local demand was supplemented by buying from Paris and Amsterdam.

Business in rubber shares was quiet on Monday before the quota decision, but the hopeful undertone contrasted strikingly with the recent depressed sentiment. Shares responded strongly to Tuesday's announcement of a 20 per cent. cut in the export quota for the first quarter next year, and brisk business was reported. Wednesday's reaction was only moderate, and business was still reported as satisfactory. The increased tea quota had a considerably less favourable reception. Little business was done on Tuesday, but prices where changed, were lower and support was absent.

The mining market staged no spectacular advances, but the tone was considerably brighter than of late. Some quiet investment buying of dividend-paying and finance Kaffirs was neither big in volume nor long-lived, but it served to stimulate professional interest. The cheerful tendency was helped by Cape support and rumours—however improbable—of a reduction in South African mining taxation. Anglo-American Corporation rose on news of the share deal which renewed, under the lead of Rhokana. West Africans were a more active and cheerful market than of late, and there was a marked revival of interest in Australians early in the week.

"FINANCIAL NEWS" MARKET INDICATORS

	Nov. 25	Nov. 26	Nov. 29	Nov. 30	Dec. 1	Dec. 2
Approximate total of bar-gains recorded in S.E. List	8,865	8,535	10,590	8,220	7,790	7,180
Corresponding day 1936	9,594	10,787	12,924	10,355	11,013	8,539
SECURITY MOVEMENTS						
Index of 30 Ordinary Shares (July 1, 1935=100)	97.4	97.5	98.1	98.0	98.3	98.4
Index of 30 Fixed Interest Securities (1928=100)	129.0	129.1	129.0	129.1	129.1	129.1

Highest 1936: Ordinary Shares 124.9 (Nov. 18); Fixed Interest 138.8 (Feb. 10).
Lowest 1936: Ordinary Shares 107.4 (Jan. 2); Fixed Interest 136.2 (Sept. 23).
Highest 1937: Ordinary Shares 124.8 (Jan. 4); Fixed Interest 136.6 (Jan. 4).
Lowest 1937: Ordinary Shares 93.1 (Nov. 22); Fixed Interest 128.0 (Sept. 8).

ACTUARIES' INVESTMENT INDEX

THE Actuaries' Index of 177 industrial ordinary share prices was calculated at 73.6 on Tuesday last, compared with 77.5 a month ago and 91.2 a year ago. The majority of the component indices have recovered from last week's low levels, but the recovery shows no signs of restoring the levels of a month ago. The average yield on the 177 shares is 4.95 per cent. this week, 4.69 per cent. a month ago, and 3.57 per cent. a year ago. The usual monthly selection of fixed interest securities shows that industrial debentures have scarcely benefited from the recovery in gilt-edged, while preference shares are slightly, but not significantly, lower on the month. Selections from the fixed-interest and equity groups follows:—

Group (and No. of Securities)	Prices (Dec. 31, 1928=100)			Yield (%)		
	Year ago (Nov. 24, 1936)	Month ago (Oct. 28, 1937)	This week (Nov. 30, 1937)	Year ago (Nov. 24, 1936)	Month ago (Oct. 28, 1937)	This week (Nov. 30, 1937)
Fixed interest:—						
2½% Consols (1)	150.1	131.7	133.6	2.97	3.39	3.34
Misc. industrial deb. (20)	126.1	121.0	121.2	3.91	4.10	4.10
Misc. industrial pref. (47)	123.0	116.1	115.6	4.20	4.46	4.47
Ordinary:—						
Coal (7)	117.5	114.1	104.9	3.11	4.30	4.58
Cotton (6)	49.2	39.8	36.8	1.95	2.52	2.61
Iron and steel (12)	83.3	71.8	64.9	3.72	5.46	6.10
Motors (5)	59.6	45.2	40.2	3.78	5.41	5.68
Oil (5)	89.2	85.4	77.7	3.05	7.70	8.68
Electric supplies (10)	156.3	136.7	131.2	3.54	4.61	4.78
Home rails (4)	87.1	72.6	69.1	1.24	3.01	3.14

OVERSEAS STOCK EXCHANGES NEW YORK

MARKETS closed last week at the top of a sharp rise which carried the Dow Jones industrial index up by 10 points on and cranberry sauce proved more digestible than Washington despite the President's message on housing, prices gave way a few points, but this was a measure less of disappointment

with the substance of the message than of the extent to which it had already been anticipated. However satisfactory the housing message, it could hardly be expected to promote any rapid and long-extended recovery. The railroads group withstood the general decline, on the friendliness of the I.C.C. to the railroads, evinced at the opening of the rate hearing. On Tuesday prices recovered most of the ground lost since Saturday, with metal, building material and railroad issues in the lead. Rails reacted slightly later, and utilities were unmoved. In mid-week turnover was the smallest for many weeks, and prices oscillated downward. Oils were firm, but utilities sagged, despite the desire for peace with the Government shown by the published proposals of Mr Willkie to the President's utility conference. *Iron Age* estimates steel mill activity for the current week at 30 per cent. of capacity, against 33 per cent. for last week, and anticipates an upward movement in January although of less than seasonal proportions. Speculative bonds followed the market trend, with some irregularity; Government issues were firm, but quiet.

	Nov. 24, 1937 (Close)	Dec. 1, 1937 (Close)	Dec. 2, 1937 (Latest)		Nov. 24, 1937 (Close)	Dec. 1, 1937 (Close)	Dec. 2, 1937 (Latest)
1. Rails & Transport				4. Manufacturing			
Atchafalpa	34½	38	37½	Briggs	19	22	21½
Balt. and Ohio	10½	11½	11½	Chrysler	53½	56½	55½
B.M.T.	10½	10½	10½	Electric Autolite	19	19½	19
Can. Pacific	24½	25½	25½	General Motors	31½	35½	34
Ches. and Ohio	23½	27½	27½	Hudson Motor Car	7½	7½	7½
Gl. Nth. Ry. Pk.	24½	25½	25½	Murray Corp.	10½	10½	10½
Illinois Central	9½	10½	10½	Nash Kelvinator	10½	10½	10½
N.Y. Central	16½	18½	18½	Packard Motor Car	12½	13	12½
Nor. Pac.	10½	12½	11½	Bendix Aviation	22	23½	23½
Pennsylvania R.R.	20½	22½	22½	Douglas Aircraft	31½	33	32
Southern Pac.	17½	19½	19½	United Aircraft	17½	19½	19½
Southern Ry.	10½	12½	12½	Air Reduction	44½	49½	49
Union Pac.	8½	8½	8½	Allied Chem.	148	153	153
Greyhound Cp. New	10	10½	10½	Col. Carbon	66	72½	70
				Comm. Solvents	7½	9½	8½
				Dupont	98	110½	107
2. Utilities and Communications				Union Carbide	62½	70½	68½
Am. Waterworks	12½	13½	13½	U.S. Ind. Alcohol	18½	20½	20
C'wealth & S'tern	2½	2½	2½	Allis Chalmers	40½	42½	42
(Cons. Gas of N.Y.)	24½	25½	25½	General Electric	37½	42	41
now Cons. Edison	9½	9½	9½	Westinghouse	91½	99½	100
Col. Gas & Electric	10½	11½	11	American Can.	81½	85½	85½
El. Board & Share	7½	8½	8½	Addressograph	21½	21½	21½
Nat. Pwr. and Lt.	20½	22	21½	Caterpillar	40½	42	40½
Pac. Gas & Electric	25½	26	26	Const. Can.	72	75	73½
Pac. Lighting	(37½)	37½	37½	Ingersoll Rand	56	62½	61½
Pub. Service N.J.	33½	36½	36½	Int'l. Harvester	68	77½	77½
Stan. Gas & Elec.	5½	5½	5½	Johns Manville	12	14½	14
United Corp.	11½	11½	11½	Am. Radiator	53	58½	58½
United Gas Imp.	14½	14½	14½	Corn Products	84	86½	84
Am. Tel. & Tel.	6½	7½	7½	J. I. Case and Co.	27½	27½	27½
Int. Tel. and Tel.	27½	27½	26	Glidden	35	38	38
Western Union	6½	7½	6½	Gen. Am. Transp.	12	13	13½
Radio	40	51½	50½	Allied Mills	18½	19	18½
Radio B. Pref. New				Colanese of Amer.	17½	20	9½
				Ind. Rayon Newrd	9½	10½	9½
				Colgate Palmolive	144½	151	148½
				Eastman Kodak	10	10	9½
				Gillette	(14½)	18	15½
				Lambert Co.	46	47½	49½
				Loews	20	22½	21½
				20th Century Fox			
3. Extractive and Metal Industries				5. Retail Trade and Food			
Am. Rolling Mills	10½	22½	21½	Montgomery Ward	31½	34½	34
Beth. Steel	44½	49½	49½	J. C. Penney Co.	58½	66	67½
Beth. Steel Pref. x2	85½	92½	90½	Sears Roebuck	50½	53½	53½
Republic Steel	15½	17½	17½	United Drug	6½	7	7
U.S. Steel	49½	54½	53½	Walgreen	19	20	20
U.S. Steel Pref.	103	105	108	Woolworth	35½	38	38
Alaska Juneau	23½	29½	27½	Borden	18	17½	17½
American Metal	43	48	47½	Gen. Foods	16½	16	16½
American Smelting	25½	29½	28½	Kroger Grocery	18½	18½	18½
Anaconda	26½	27½	27	Nat. Biscuit	14	15	14½
Bohn Aluminum	35½	41½	41½	Nat. Dairy	8½	9	8½
Cerro de Pasco	38½	41½	41½	Am. Tobacco B.	67½	68½	68½
Int. Nickel	30½	35½	34½	Liggett Myers B.	83½	89½	89½
Kennecott	10½	12	11½	Lordill	164	17	16½
Patito Mines	28½	30	29	Reynolds Tob. B.	40	23	23
Texas Gulf Sulph.	52½	60½	59	National Distillers	25½	28½	28½
U.S. Smelt.	14½	15½	15	Schenley Distillers			
Vanadium Corp.	19½	20½	20	6. Finance			
Atlantic Refining	37½	38½	37	Commercial Credit	35½	38½	37½
Phillips Petroleum	15½	17	16½	Atlas Corp.	8½	8½	8½
Shell Union	92½	97	97½	Com. Invest. Trust	38½	43	43
Socoany Vacuum	13½	15½	15				
Stand. Oil Calif.	29½	30½	31				
Stand. Oil N.J.	42	45	44½				
Texas Corp.	35½	39½	38½				

	1936		1937		Be-ginning of Year 1937	Nov. 17, 1937	Nov. 24, 1937	Dec. 1, 1937
	Lowest	Highest	Lowest	Highest				
	Apr. 29	Nov. 10	Nov. 24	Mar. 10				
347 Industrials	112.7	145.9	96.7	155.7	143.2	97.1	96.7	93.5
32 Rails	42.8	60.2(b)	28.4	64.5(f)	54.6	32.1	28.4	30.8
40 Utilities	91.2	111.0(g)	76.3	118.4(g)	111.7	80.7	76.3	79.7
Total, 419 Stocks	97.7	125.4	75.6	132.4	123.5	83.9	75.6	81.1
Average yield*	4.50%	2.65%	8.60%	3.20%	3.53%	7.34%	8.60%	8.29%
	High (c)	Low (a)	High	Low (s)				

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

	1936		1937		Be-ginning of Year 1937	Nov. 17, 1937	Nov. 24, 1937	Dec. 1, 1937
	Lowest	Highest	Lowest	Highest				
	Apr. 29	Nov. 10	Nov. 24	Mar. 10				
347 Industrials	112.7	145.9	96.7	155.7	143.2	97.1	96.7	93.5
32 Rails	42.8	60.2(b)	28.4	64.5(f)	54.6	32.1	28.4	30.8
40 Utilities	91.2	111.0(g)	76.3	118.4(g)	111.7	80.7	76.3	79.7
Total, 419 Stocks	97.7	125.4	75.6	132.4	123.5	83.9	75.6	81.1
Average yield*	4.50%	2.65%	8.60%	3.20%	3.53%	7.34%	8.60%	8.29%
	High (c)	Low (a)	High	Low (s)				

	Highest*	Lowest†	Nov. 17	Nov. 18	Nov. 19	Nov. 20	Nov. 22	Nov. 23	Nov. 24
180.8	96.9	109.4	107.1	100.9	103.8	97.9	99.7	96.9	

	Nov. 25	Nov. 26	Nov. 27	Nov. 29	Nov. 30	Dec. 1
Closed (v)	101.7	106.9	104.8	106.5	105.2	
* March 6th. † November 24th. (v) Thanksgiving Day.						
TOTAL DEALINGS IN NEW YORK						
	Nov. 25	Nov. 26	Nov. 27*	Nov. 29	Nov. 30	Dec. 1
Stock Exchange—						
Shares (No. Thous.)	Closed (v)	1,180	1,140	1,150	1,150	700
Bonds (Thous. \$) ...		6,770	5,100	6,590	8,490	5,820
Curb		229	186	193	186	170
Shares (Thous.) ...						
* Two-hour session. (v) Thanksgiving Day.						

PARIS

LACK of public support has been responsible for slack business in Paris as elsewhere. Although conditions proved dull and heavy during the month the net decline in prices was not serious, Rentes in fact showing noticeable improvement. The fall in commodity prices, sales from Amsterdam and London, and the Brazilian default, all exerted a depressing influence, but the month ended on an optimistic note, in anticipation of the London talks. The market, however, greeted with comparative indifference such events as the reduction in bank rate, the increase in the Bank of France's gold reserves and the vote of confidence in the Chautemps Government. Internationals were irregular, but more prominent than of late owing to the improvement in the franc and to Amsterdam sales.

	Nov. 3, Nov.18,	Dec. 1,		Nov. 3, Nov.18,	Dec. 1,		
	1937	1937		1937	1937		
3% Perp. Rentes	72.45	71.75	71.90	Royal Dutch	58,800	54,350	54,900
4% Rentes 1917	69.00	69.30	69.15x	Wagon Lits	892	841	88
Banque de France	6,330	6,390	6,575	Mexican Eagle	973	89	93
Crédit Lyonnais	1,416	1,438	1,451	Chartered	2223	209	217
Suez Canal	24,850	23,810	24,940	Ford	67	57	70
Chargeurs Réunis	510	499	524	De Beers	1,852	1,735	1,670
Rio Tinto	2,574	2,591	2,705	Johnnies	467	445	470

LONDON ACTIVE SECURITY PRICES AND YIELDS

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

Prices, Year 1936				Prices, Year 1937 Jan. 1 to Dec. 1, inclusive				Name of Security	Price, Nov. 24, 1937	Price, Dec. 1, 1937	Rise or Fall	Yield Dec. 1, 1937	Prices, Year 1937 Jan. 1 to Dec. 1, inclusive				Name of Security	Price, Nov. 24, 1937	Price, Dec. 1, 1937	Rise or Fall	Yield Dec. 1, 1937
High	Low	High	Low	High	Low	High	Low														
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)														
British Funds																					
87 1/2	82 1/2	84 1/2	79 1/2	Consols 2 1/2%	75 1/2	75 1/2	...	£ s. d.	40/-	32/-	5(b)	5(a)	Bank of N. Zealand £1	35/-	33/9	-1/3	£ s. d.				
116 1/2	112 1/2	113 1/2	105 1/2	Do. 4% Red. at par on or after Feb. 1957 (m)	109 1/2	110 1/2	+	3 6 0	80/10 1/2	71/6	7(b)	6(a)	Bank of England Stk.	33 1/2	34 1/2	+10	4 10 2				
102 1/2	100 1/2	101 1/2	94 1/2	Conserv. 2 1/2% 1944-49	97 1/2	98 1/2	+	2 14 6	48/9 1/2	40/-	22(a)	32(b)	Barcl. (Dom. & A.) £1	75/6	76/-	+6d	3 13 0				
105 1/2	103 1/2	104 1/2	97 1/2	Do. 3% 1948-53	101 1/2	101 1/2	+	2 19 6	10 1/2	8 1/2	44(b)	34(a)	Bk. of Austral. £5	42/6	42/6	...	2 14 0				
108 1/2	106 1/2	107 1/2	98 1/2	Do. 3 1/2% after 1961	101 1/2	102	+	3 8 6	49 1/2	29 1/2	6(b)	8(c)	Bk. of Montreal (\$100)	25 1/2	25 1/2	...	4 17 0				
111 1/2	107 1/2	108 1/2	105 1/2	Do. 4 1/2% 1940-44	107 1/2	105 1/2	-	2 10 0	29 1/2	24 1/2	03(c)	06(e)	Bk. of N.S. Wales (£20)	23 1/2	23 1/2	...	4 2 0				
121 1/2	116 1/2	117 1/2	111 1/2	Do. 5% 1944-64	113 1/2	114 1/2	+	2 17 6	101 1/2	57 1/2	7(b)	Nil(c)	British Overseas A (£5)	25 1/2	25 1/2	...	3 18 0				
95 1/2	92 1/2	93 1/2	89 1/2	Funding 2 1/2% 1956-61	89 1/2	89 1/2	...	3 2 9	17 1/2	12 1/2	03(a)	03(b)	Chd. of India (£5)	70/-	60/-	-10/-	3 14 0				
104 1/2	101 1/2	101 1/2	92 1/2	Funding 2 1/2% 1952-57	95 1/2	95 1/2	...	3 2 0	15 1/2	12 1/2	16(a)	16(b)	Comcl. Bk. of Aus. 10/-	12 1/2	12 1/2	...	4 0 0				
108 1/2	105 1/2	106 1/2	98 1/2	Funding 2 1/2% 1950-59	97 1/2	97 1/2	...	3 1 0	94 1/2	82 1/2	03(a)	03(b)	Dist. A (£5, £10)	85/-	85/-	...	3 17 6				
119 1/2	115 1/2	116 1/2	109 1/2	Funding 2 1/2% 1960-90	111 1/2	112 1/2	+	3 1 0	94 1/2	82 1/2	5(b)	5(a)	Do. B (£1 fully paid)	82/6	82/6	...	3 16 0				
117 1/2	113 1/2	114 1/2	107 1/2	Nat. Def. 2 1/2% 1944-48	98 1/2	99 1/2	+	2 13 0	108/9	85/-	34(a)	34(b)	Eng. Scot. & Aust. £3 pd	87/6	87/6	...	4 18 0				
108 1/2	104 1/2	105 1/2	99 1/2	Victory Bonds 4%	110 1/2	111 1/2	+	3 12 0	111 1/2	10 1/2	10(b)	8(a)	Hambros £10, £25 £3pd	59/6	59/6	...	4 6 0				
98 1/2	94 1/2	95 1/2	84 1/2	War L'n 3 1/2% after 1952	100 1/2	101 1/2	+	3 9 0	121 1/2	89 1/2	6(b)	6(a)	Hong. and S. (\$125)	101	101	...	4 6 0				
103 1/2	101 1/2	102 1/2	99 1/2	Local Loans 3%	87 1/2	87 1/2	...	3 8 7	69/-	58/10 1/2	7(b)	6(a)	Lloyds £5, with £1 pd.	70/6	70/6	...	4 6 0				
76 1/2	72 1/2	73 1/2	62 1/2	Austria 3% 1933-53	102 1/2	102 1/2	...	3 8 4	10 1/2	8 1/2	7(b)	6(a)	Martins £20, £24 pd.	81/-	81/-	...	4 0 0				
98 1/2	94 1/2	95 1/2	84 1/2	India 2 1/2%	66 1/2	67 1/2	+	3 14 8	94/6	81/-	8(b)	8(a)	Midland £1, fully pd.	85/-	84/-	-1/-	3 18 0				
100 1/2	96 1/2	97 1/2	89 1/2	Do. 3%	80 1/2	80 1/2	...	3 14 6	44 1/2	38 1/2	11(b)	4(a)	Nat. of Egypt £10	38/-	38/-	...	4 0 0				
120 1/2	116 1/2	117 1/2	112 1/2	Do. 3 1/2%	94 1/2	94 1/2	...	3 14 6	44 1/2	38 1/2	9(b)	9(a)	Nat. of India £25, £124 pd	42/-	42/-	...	5 7 0				
107 1/2	104 1/2	105 1/2	102 1/2	Do. 4 1/2% 1958-68	114 1/2	114 1/2	...	3 10 0	16 1/2	14 1/2	7(b)	7(a)	Nat. Prov. £20, £24 pd.	145 1/2	145 1/2	...	3 13 0				
113 1/2	109 1/2	110 1/2	105 1/2	U.K. & Arg. 4% (A 1947)	103 1/2	103 1/2	...	3 11 0	49 1/2	45 1/2	8(a)	8(b)	Royal Bk. of Scotland	145 1/2	145 1/2	...	4 15 0				
106 1/2	102 1/2	103 1/2	101 1/2	Dom. & Col. Govts.	109 1/2	107 1/2	+	3 19 4	101 1/2	88 1/2	9(b)	5(a)	St. of S. Afr. £20, £24 pd.	145 1/2	145 1/2	...	4 15 0				
118 1/2	114 1/2	115 1/2	112 1/2	Australia 5% 1945-75	109 1/2	107 1/2	+	3 19 4	101 1/2	88 1/2	9(b)	9(a)	Westminster £4, £1 pd.	93/-	93/-	...	3 18 0				
120 1/2	117 1/2	118 1/2	114 1/2	Canada 4 1/2% 1940-60	113 1/2	113 1/2	...	3 11 6	94/6	82/6	10(b)	7(a)	Discount Cos.	67/6	67/6	...	5 3 9				
114 1/2	110 1/2	111 1/2	107 1/2	Gold Coast 4 1/2% 1958	113 1/2	113 1/2	...	3 11 0	6 1/2	5 1/2	5(b)	5(a)	Alexander £2, £1 pd.	67/6	67/6	...	4 9 6				
109 1/2	105 1/2	106 1/2	102 1/2	Nigeria 5% 1950-60	115 1/2	115 1/2	...	3 18 6	16 1/2	12 1/2	17(b)	9(a)	National A £1 fully paid	6 1/2	6 1/2	...	5 0 0				
102 1/2	100 1/2	101 1/2	103 1/2	N. Zealand 5% 1946	109 1/2	109 1/2	...	3 8 6	54/6	44 1/2	8(a)	8(a)	Union £1 of stock	47/6	47/6	...	4 4 3				
117 1/2	113 1/2	114 1/2	110 1/2	Queensland 5% 1940-60	106 1/2	106 1/2	...	3 6 0	32	26 1/2	40(a)	40(a)	Insurance	32	26 1/2	...	5 0 0				
...	...	...	...	S. Africa 5% 1945-75	113 1/2	113 1/2	...	3 6 0	32	26 1/2	5(b)	4(b)	Alliance £1, fully pd.	28 1/2	28 1/2	...	4 16 0				
Foreign Stocks																					
102 1/2	90 1/2	105 1/2	99 1/2	Africa 4 1/2% St. Bds	95 1/2	94 1/2	-	4 16 0	15 1/2	13 1/2	10(a)	10(a)	Atlas £5, £1 pd.	15 1/2	15 1/2	+8/-	3 2 9				
82 1/2	82 1/2	81 1/2	84 1/2	Austria 7% 1957	102 1/2	102 1/2	...	6 16 2	10 1/2	9 1/2	9(b)	9(b)	Com. Un. £1, fully pd.	10 1/2	10 1/2	...	2 12 6				
72 1/2	71 1/2	73 1/2	60 1/2	Do. 4 1/2% 1934-59	89 1/2	87 1/2	+	5 11 3	6 1/2	4 1/2	2(b)	1(b)	Gen. Accident £1, 5/- pd.	10 1/2	10 1/2	...	3 18 0				
77 1/2	75 1/2	78 1/2	60 1/2	B. Aires (Prov.) 3 1/2%	62 1/2	61 1/2	-	5 13 10	35 1/2	29 1/2	25(b)	25(a)	Acc. Gen. £1, 5/- pd.	31 1/2	31 1/2	...	3 5 0				
27 1/2	24 1/2	25 1/2	24 1/2	Belgian 4% red. by 1970	97 1/2	98 1/2	+	4 2 6	14 1/2	11 1/2	32(a)	31(b)	N. Brit. & Aust. £5, £2 pd.	3 1/2	3 1/2	...	3 18 0				
23 1/2	21 1/2	22 1/2	24 1/2	Bulgaria 7 1/2% Loan	32 1/2	32 1/2	...	11 18 10 1/2	21 1/2	18 1/2	40(a)	35(a)	Northern (£1), £1, fy. pd.	12 1/2	12 1/2	...	3 12 0				
23 1/2	21 1/2	22 1/2	24 1/2	Brazil 5% Fund. 1914	44 1/2	42 1/2	-	3 12 9 1/2	22 1/2	18 1/2	18 1/2	18 1/2	Pearl (£1), fully pd.	20 1/2	20 1/2	...	3 5 0				
23 1/2	21 1/2	22 1/2	24 1/2	Chili 6% (1929)	32 1/2	32 1/2	...	3 12 9 1/2	18 1/2	15 1/2	18 1/2	18 1/2	Phoenic £1, fully pd.	10 1/2	10 1/2	...	2 12 0				
64 1/2	64 1/2	64 1/2	64 1/2	China 5% (1912)	59 1/2	57 1/2	-	8 13 9 1/2	37 1/2	32 1/2	105(a)	105(a)	Prudential £1 A	16 1/2	16 1/2	...	3 14 6				
95 1/2	90 1/2	101 1/2	60 1/2	Do. 5% (1913)	64 1/2	65 1/2	+	7 14 0 1/2	114 1/2	103 1/2	143(c)	150(c)	Do. £1, with 4/- paid	105/-	105/-	+	2 12 6				
112 1/2	95 1/2	107 1/2	101 1/2	Czechoslovakia 8%	102 1/2	102 1/2	...	7 16 1 1/2	11 1/2	9 1/2	19(b)	11(b)	Royal Exchange (£1)	10 1/2	10 1/2	...	2 19 6				
110 1/2	98 1/2	100 1/2	92 1/2	Danish 3%	97 1/2	97 1/2	...	3 1 6	9 1/2	8 1/2	33(b)	33(b)	S. U. & A. £100, £1 pd.	17 1/2	17 1/2	...	3 14 6				
70 1/2	57 1/2	72 1/2	47 1/2	Danzig 6 1/2% (g) (1952)	49 1/2	49 1/2	...	9 3 9	99 1/2	16 1/2	6(b)	6(b)	Sun Insur. £1, fully pd.	86 1/2	86 1/2	...	3 17 0				
106 1/2	102 1/2	106 1/2	100 1/2	Egypt United 4 1/2%	101 1/2	101 1/2	...	3 19 6	99 1/2	80 1/2	13(b)	15(b)	Sun Life Assur., £1, fy. pd.	86 1/2	86 1/2	...	2 8 6				
115 1/2	111 1/2	115 1/2	104 1/2	French 5% (1914)	124 1/2	123 1/2	+	12 5 0 1/2	8 1/2	21 1/2	130(b)	110(b)	Yorkshire £1, fully pd.	81 1/2	81 1/2	...	2 10 6				
68 1/2	53 1/2	65 1/2	53 1/2	German 7% (Dawg L'n. 54)	59 1/2	54 1/2	+3	13 14 0	...	...	...	...	Investment Trusts	270	270	...	4 12 7				
46 1/2	34 1/2	49 1/2	35 1/2	Do. 5 1/2% (Young L'n. 39)	32 1/2	32 1/2	...	7 3 6m	81 1/2	270	84(b)	4(a)	Anglo-American, Deb.	68 1/2	68 1/2	...	4 7 7				
40 1/2	29 1/2	40 1/2	30 1/2	Greek 6% Stab. L'n.	32 1/2	32 1/2	...	7 3 6m	81 1/2	270	84(b)	4(a)	Anglo-American, Deb.	68 1/2	68 1/2	...	4 7 7				
52 1/2	39 1/2	48 1/2	38 1/2	Do. 7% Refuge	39 1/2	39 1/2	...	7 3 6m	81 1/2	270	84(b)	4(a)	Anglo-American, Deb.	68 1/2	68 1/2	...	4 7 7				
80 1/2	79 1/2	88 1/2	57 1/2	Hungary 7 1/2%	55 1/2	56 1/2	+	6 13 6 1/2	9 1/2	3 1/2	Nil(c)	Nil(c)	Atlas Electric, etc. £1	24 1/2	24 1/2	...	3 18 0				
97 1/2	83 1/2	94 1/2	57 1/2	Japanese 5 1/2% 1936-65	64 1/2	64 1/2	...	8 11 9 1/2	18 1/2	10 1/2	3(c)	7(a)	Brit. Assets Trust 5/-	11 1/2	11 1/2	...	3 6 9				
144 1/2	105 1/2	120 1/2	110 1/2	Do. 6% (1924) red 1959	115 1/2	115 1/2	...	3 10 0	258	230	6(b)	4(a)	Debutante Corp. Stk.	232 1/2	232 1/2	...	4 6 0				
97 1/2	81 1/2	84 1/2	57 1/2	Norwegian 4% 1911	68 1/2	68 1/2	...	3 10 0	258	230	6(b)	4(a)	Debutante Corp. Stk.	232 1/2	232 1/2	...	4 6 0				
97 1/2	81 1/2	84 1/2	57 1/2	Peru 7 1/2% 1922	115 1/2	115 1/2	...	3 10 0	258	230	6(b)	4(a)	Debutante Corp. Stk.	232 1/2	232 1/2	...	4 6 0				
97 1/2	81 1/2	84 1/2	57 1/2	Poland 7% (1922)	69 1/2	69 1/2	...	10 2 10	305	241	7(b)	4(a)	For. Amer. etc., Def.	142 1/2	142 1/2	...	3 4 3				
116 1/2	112 1/2	116 1/2	112 1/2	Romania 4% Con. 1922	15 1/2	15 1/2	...	10 2 10	305	241	7(b)	4(a)	For. Amer. etc., Def.	142 1/2	142 1/2	...	3 4 3				
...	...	...	...	U.K. & Argentine 1933	112 1/2	112 1/2	...	4 5 0	233/8	15 6	6(b)	2(a)	Guardian Investment	274	274	...	4 13 0				
92 1/2	79 1/2	96 1/2	88 1/2	5 1/2% B. Certs. (1951)	90 1/2	90 1/2	...	3 6 8	303	244	8(b)	3(a)	Indus. and Gen. Ord.	247 1/2	247 1/2	...	4 15 0				
...	...	...	...	Do. C. Certs. (3% Max.)	90 1/2	90 1/2	...	3 6 8	303	244	8(b)	3(a)	Indus. and Gen. Ord.	247 1/2	247 1/2	...	4 15 0				
Corporation Stocks																					
97 1/2	22 1/2	25 1/2	21 1/2	Berlin 6% 1932-57	21 1/2	21 1/2	...	7 9 4 1/2	24 1/2	24 1/2	4(b)	3(a)	Invest. Trust Def.	274	274	...	4 13 0				
116 1/2	116 1/2	118 1/2	113 1/2	Birmingham 5% 1946-56	113 1/2	113 1/2	...	3 7 6	253 1/2	215 1/2	7(b)	4(a)	Mercantile View Invest. 10/-	217 1/2	217 1/2	...	5 6 0				
120 1/2	117 1/2	119 1/2	113 1/2	Bristol & Ex. 1948-58	115 1/2	115 1/2	...	3 7 0	253 1/2	215 1/2	7(b)	4(a)	Mercantile View Invest. 10/-	217 1/2	217 1/2	...	5 6 0				
84 1/2	64 1/2	82 1/2	56 1/2	Danzig 7 1/2% (1950)	59 1/2	56 1/2	-	8 18 6	253 1/2	194 1/2	6(b)	4(a)	Metropolitan Tr. Ord.	245 1/2	245 1/2	...	3 9 5				
121 1/2	117 1/2	119 1/2	114 1/2	E. London 6% 1960-76	116 1/2	114 1/2	...	4 1 0	253												

Prices, Year 1937 Jan. 1 to Dec. 1, inclusive		Last two Dividends		Name of Security	Price, Nov. 24, 1937	Price, Dec. 1, 1937	Rise or Fall	Yield, Dec. 1, 1937	Prices, Year 1937 Jan. 1 to Dec. 1, inclusive		Name of Security	Price, Nov. 24, 1937	Price, Dec. 1, 1937	Rise or Fall	Yield, Dec. 1, 1937
High	Low	(a) %	(b) %						High	Low						(a) %	(b) %
Iron, Coal, &c.—cont.															
12 1/2	27 1/2	10(b)	7 1/4(a)	Hadfields 10/-	30/-	31/3	+1/3	5 12 0	64/6	41 9	m29(c)	45/7	47/6	+1/10	£ s. d.
43/3	6/-	Nil	Nil	Har. & W. B. Ord. £1	6/6	7/6	+1/-	Nil	36/9	25 6	5(c)	26/3	28/11	+1/10	5 14 3
18/4	26/9	24(a)	7 1/2(b)	Horden Collieries £1	28/9	30/-	...	6 19 3	27/9	20/-	5(c)	21/3	21/10	+7/4d	4 10 6
35/8	27 6	5(c)	9 1/4(c)	Lambert Bros. Ord. £1	30/-	30/-	...	6 6 9	38/3	13 9	4(a)	14/9	15/6	+9d	11 12 0
18/4	11 6	Nil(c)	2(c)	Ocean Coal & Partners 10/-	12/6	14 1/4	+1 1/4	12 15 3	64/6	42 6	10(c)	43/9	47/6	+1/3	5 0 0
18/4	10/3	Nil(c)	5(c)	Pease and Partners 10/-	11/10 1/2	12 1/2	+1 1/2	6 0 0	39/4	33 9	5(b)	42/-	45/7 1/2	+3/4	4 8 0
27 1/4	14 1/2	12 1/2(a)	11 1/2(b)	Powell Duffryn £1	22/-	23/-	+1/-	6 0 0	59 1/2	59	23(a)	35/6	37/-	+6d	4 5 0
32/6	41 3	12 1/2(a)	17 1/2(b)	Ruston & Hornsby £1	41/3	42/6	+1/3	5 19 0	66 3	82/6	120(c)	51	51	...	4 1 0 1/2
44/-	30 6	34(c)	8 1/2(b)	Sheepbridge Cl. & S. £1	33/9	35/-	+1/3	4 14 0 1/2	138/9	76 3	7(a)	85/-x	87/6	+2/6	3 8 6
47/-	39 6	12(c)	13(c)	Shipley Collieries Ord. £1	45/-	47/6	+2/6	5 15 0	107 98	54(c)	22(a)	99 1/2	100 1/2	+1	5 10 0
52/6	41 3	24 1/2	19 1/2	S. Durham £1 Ord. £1	20/-	21/3	+1/3	7 0 0	8 1/2	7 1/2	15(a)	8 1/2	8 1/2	...	3 18 0 1/2
53/8	40 6	6(c)	7(c)	Steel & Iron B. Ord. £1	41/3	46 3/4	+5 1/4	4 8 6 1/2	23 1/2	15 6	20(c)	19/-	17/6	+6d	20 0 0
55/8	41 3	6(b)	4(a)	Stanton Ironworks £1	53/9	56 3/4	+2/6	4 8 6 1/2	25/-	15 6	20(c)	33/9	36/3	+2/6	6 10 0
44/-	32 6	5(c)	7(c)	Staveley Coal, etc. £1	35/-	36 3/4	+1/3	4 2 9	63/9	30/6	10(c)	31/9	33/-	+1/3	5 10 0
43/4	32 6	5(c)	7(c)	Swan, Hunter & Lloyds £1	25/-	27/6	+2/6	5 9 0	38/6	30 6	8(c)	35/-	37/6	+2/6	8 0 0
61/10	24 3/4	41 3	34 1/2	Thomas (Richard) £1	10/3	10/9	+6d	9 6 0	50/7 1/2	32 6	5(a)	17/3	17/6	+3d	5 14 0
28 1/2	17/6	Nil	Nil	Thornycroft, John, £1	22/6	22/6	...	Nil	27/6	15 6	10(c)	15/-	15/6	+6d	6 8 0
10 1/2	6 1/2	5(c)	5(c)	Un. Steel (S.A.) Ord. 5/-	22/6	22/6	...	Nil	27/6	15 6	10(c)	15/-	15/6	+6d	6 8 0
11 1/2	7 1/2	Nil(c)	1(c)	U. States Steel \$100	\$51 1/2	\$55 1/2	+\$4	1 16 0	24/9	14 6	5(c)	52/6	53/9	+1/3	3 14 5
38 1/2	25	24(c)	10(c)	United Steel Cos. Ord. £1	24 1/4	25/9	+1 1/4	6 13 3	19 1/2	14 6	7(c)	11 1/2	12/6	+5/-	4 10 0
38 1/2	20 1/2	7(c)	10(c)	Vickers (10/-)	27/6	30/-	+2/6	6 18 0	9 1/2	4 6	7(c)	5/6	5/6	...	Nil
38 1/2	20 1/2	7(c)	10(c)	Ward (Thos. W.) & Co. £1	37/6	36 3/4	-1/2	7 0 0	32/3	19 6	6(a)	22/-	22/-	...	7 5 0
49 1/4	32/8	10(c)	12(c)	Weardale Steel etc. £1	35/-x	36 3/4	+1/3	7 0 0	32 6	17 1/2	22 1/2	33/9	34 1/4	+7 1/2	5 1 0 1/2
168 1/2	110 1/2	22 1/2	12 1/2	Whitehead Iron & Stl. £1	117/6	117/6	+2/6	6 0 0	166/3	78 1/2	5(a)	82/6	87/6	+5/-	(d)
58/9	50/-	15(c)	15(c)	Yarrow & Co. £1	53/-	50/-	-3/-	6 0 0	91/10 1/2	75/-	13 1/2	76/9	76/9	...	4 17 6
Textiles															
12 1/2	4/10 1/2	Nil	Nil	Bleachers £1	5/6	5/6	...	Nil	62/6	23 9	8(c)	26/3	25/-	-1/3	7 4 0
12 1/2	5 1/4	Nil	Nil	Bradford Dyers (£1)	5/6	5/6	...	Nil	41/10 1/2	31/-	5(b)	34/6	36/3	+1/9	4 13 9
11 1/4	4/-	Nil	Nil	Brit. Celanese Ord. 10/-	4/8	4/8	...	Nil	24 1/2	31/-	5(b)	13/-	14/-	+1/-	7 2 9
15 1/2	7/-	Nil	Nil	Calico Printers £1	7/6	7/6	...	Nil	9 1/2	6 1/2	17 1/2(b)	7 1/2	7 1/2	...	3 7 6
55/-	42/-	7(b)	3 1/2(a)	Courtaulds £1	44/3	46 1/2	+1/9	4 12 0	22 1/2	11 9	8(b)	12/3	12/3	...	5 6 0
49 1/4	35 1/2	7(b)	2 1/2(a)	English Swg. Ctn. £1	37/6	37 6	...	5 6 8	76/3	51/3	22 1/2	55/-x	57/6	+2/6	7 16 0
14/6	6/-	Nil	Nil	Fine Cotton Spinners £1	6/6	6/6	...	Nil	6 1/2	4 1/2	14 1/2	53 1/2	52 1/2	+1	4 0 0
38 1/2	32 6	5 1/2(b)	3(a)	Line Thread Stc. (£1)	33/6	33 6	...	5 2 3	90/7 1/2	53 9	25 1/2	60/-	62 1/2	+2/3	3 5 0
38 1/2	32 6	5 1/2(b)	3(a)	Patons & Baldwins £1	47/6	48 9	+1/3	5 0 0 1/2	5 1/2	3 1/2	7(a)	42 1/2	42 1/2	...	4 0 0
26/9	15/-	11 1/2(c)	2 1/2(a)	Whitwoods & Mitchell £1	33/6	33 6	...	7 7 9	46 1/4	40/-	9(b)	42 1/2	42 1/2	...	5 18 0
Electrical Manufacts.															
56 7/8	37 3	8(c)	10(c)	Associated Elec. (£1)	40/-	44/-	+4/-	4 11 0	67/-	39/6	12 1/2	40/-	40/-	...	5 18 0
100/-	87 6	15(b)	5(a)	British Insulated (£1)	90/-	93/9	+3/9	4 5 3	67/-	55/-	11 1/2	36/8	38/-	+1/6	5 4 9
85/-	85/-	15(b)	5(a)	Cablemakers (£1)	87/6	87/6	...	4 11 0	115/10 1/2	12 1/2	22 1/2	103/9	102/6x	...	4 8 0
77/-	44 6	6(a)	6 1/2(b)	Crompton Parkinson 5/-	28/-	28/-	...	4 1 9	18/9	12 1/2	18 1/2	12 1/4	14 1/4	+1/3	4 14 6 1/2
37/8	27/-	Nil	Nil	English Electric (£1)	28/-	28/-	...	4 10 0	64/8	56/3	15 1/2	57/-	58/6	+1/6	5 2 0
9 9/10	70/-	15(c)	17 1/2(c)	General Electric (£1)	74/-	77/6	+3/6	4 7 6 5	54/3	44/9	12(c)	45/6	46/6	+1/-	6 8 0
23/-	17/-	15(b)	5(a)	Henleys (W. T.) (5/-)	42/6	42 6	...	4 14 0	28 1/2	17/9	Nil	20 1/2	20 1/2	+1/3	Nil
54/6	40 6	5(b)	5(a)	Johnson & Phillips £1	28 1/2	28 9	+7/4d	5 4 4	71/6	72/6	4 1/2	73/9x	77/6	+3/9	4 14 0
85/-	26 3	6(c)	7 1/2(c)	Siemens (£1)	77/6	53 1/2	-24	7 7 7	77/6	58 5/8	5(a)	54/4	57/6	+3 1/2	3 9 6
Electric Light, &c.															
73 1/2	31 1/2	40(c)	50(c)	Brazil Trac. no par	\$12 1/2	\$11 1/2	-1	7 7 7	77/6	58 5/8	5(a)	67/6	67/6x	+2/2	4 14 10
88/-	86 3/4	5(c)	6(a)	Bournemouth & Poole	67/6	67 6	...	4 8 11	74/3	48 9	60(c)	52/6	52/6	...	6 13 3
81/6	24 1/2	4(a)	2(a)	British Power & Light £1	26/-	26/-	...	4 12 0	83/-	72/8	7(a)	77/6	86/3	+8 9	5 0 0
46/8	38 1/2	4(b)	3 1/2(a)	City of London £1	34/-	34/-	...	4 12 0	112/6	74 1/2	14 1/2	84 1/2	84 1/2	+4 1/4	4 18 0
48/8	38 1/2	5(b)	3(a)	Clyde Valley Elec. £1	40/-	48/-	...	4 7 0	60/6	33 1/2	4(b)	34 1/4x	34 1/4	...	4 9 9
54 7/8	45/9	7 1/2(b)	3(a)	County of London £1	48/-	48/-	...	4 13 0	34/9	20/9	6 1/2	56/-	57/6	+1/6	4 7 6
45/3	37/-	5(b)	4(a)	Edmundsons £1	38/-	38/-x	+9d	4 8 0	10 1/4	8 1/2	15(c)	23/9	25/-	+1/3	5 13 9
38/9	32/-	5(c)	2 1/2(a)	Lancashire Electric £1	45/-	45/-	...	4 6 5	33 9	5(a)	7 1/2	37/-	37/6	+6d	6 13 3
51/3	44 1/4	6(b)	4 1/2	Metro. Electric £1	36/6	36 6	...	4 6 0	45/-	37/8	6(b)	38/6	38 3/4	+4d	4 15 9
41/3	35 5/8	5 1/2	2 1/2	Midland Counties £1	31/-	31/-	...	4 6 0	96/3	61/3	45 1/2	68/9	62/6	+3/9	4 5 0
34/9	30 1/2	4 1/2	2 1/2	North Eastern Elec. £1	46/3	46 3	...	4 10 6	81/10 1/2	55 8	85(c)	61/3	63/9	+1/10	6 0 0
56/6	42 1/2	45 1/2	45 1/2	North Metropolitan £1	36/6	36 6	...	4 1 0	7/3	19 1/2	Nil(c)	13/-	13/6	+6d	11 15 0r
42 1/2	35 5/8	6 1/2	2 1/2	Scottish Power £1	39/6	39 6	...	4 1 0	24/3	12 1/2	27 1/2	27/6	31/3	+3/9	9 12 0
45/9	37 1/2	5(b)	3(a)	Yorkshire Electric	39/6	39 6	...	4 1 0	16 1/2	16 1/2	7 1/2	14 1/4	14 1/4	...	6 10 0
Gas															
87/-	23 1/2	52(c)	53(c)	Gas Light & Coke £1	25/6	25 6	...	4 7 6	123/9	60/3	20(c)	58/8x	73/9	+5/9	5 8 0
168 1/2	22 1/4	6(b)	4(a)	Imp. Continental Stk.	23/6	23 6	...	4 9 0	59 1/4	26 3/4	27/3	27/6	31/3	+3/9	9 12 0
98/9	100 1/2	2 1/2	2 1/2	Newc.-on-Tyne £1	102	102 1/2	+ 1/2	5 7 3	16 1/2	11 1/2	95(b)	144	144	...	6 10 0
120	100 1/2	3(b)	2 1/2	S. Metropolitan Stk.	102	102 1/2	+ 1/2	5 7 3	76/8	42/6	14 1/2	46/3	47/6	+1/3	10 0 0
Motors and Cycle															
66 10/16	38/9	10(c)	15(c)	Albion Motors Ord. £1	47/8	52/6	+5/-	4 14 3	19 1/2	18 1/2	25(a)	93	103	+1	6 0 0
62/6	30 1/2	12 1/2(a)	15 1/2(b)	Armstrong Equipmt. Ord. £1	35 7/8	37 3/8	+1 1/2	4 0 0	32 1/2	15 1/2	Nil	17 1/2	18 1/2	+1	6 0 0
82/6	30 1/2	12 1/2(a)	15 1/2(b)	Austin 5/-	31/10 1/2	36 3/4	+5 1/4	6 18 0	29 1/2	14 1/2	80(b)	15/6	17/3	+1/3	Nil
27/9	19 6	Nil	Nil	Birm. Sml. Arms £1	20/6	21/3x	5d	5 9 0	225/-	13 1/2	6 1/2	147/6	147/6	...	5 18 0
37/9	20 6	33 1/2(a)	8 3/4(b)	Dennis 1/-	21/3	23 1/4	+1 1/4	5 3 7	19 1/2	5 1/2	Nil	61	61	...	9 9 0
33/9	19 6	5(c)	6(c)	Ford Motors £1	2/3	2/3	...	6 13 3	35/6	7/-	10(c)	147/6	147/6	...	5 18 0
4/8	1 10/3	7(c)	15(c)	Guy Motors (1/-)	58/9	60/-	+1/3	5 0 0	16 1/2	16 1/2	+ 3d	16 1/2	16 1/2	...	5 18 0
72/9	56 10/16	24 1/2	12 1/2	Lucas, J. (£1)	78/9	83 9	+5/-	5 0 0	16 1/2	16 1/2	+ 3d	16 1/2	16 1/2	...	5 18 0
126/9	70/-	17 1/2	20(c)	Leyland Motors 5/- Ord.	33/-	33 6	+6d	6 14 0	16 1/2	16 1/2	+ 3d	16 1/2	16 1/2	...	5 18 0
43/9	29 6	11 1/2	20(c)	Morris Motors £1	63/-	67 1/8	+1/3	8 0 0	16 1/2	16 1/2	+ 3d	16 1/2	16 1/2	...	5 18 0
16/8	6 1/2	Nil	5(a)	National Cycle Holdgs. £1	6/6	6 1/2	+1/3	4 14 0	16 1/2	16 1/2	+ 3d	16 1/2	16 1/2	...	5 18 0
186/-	62/6	5(a)	20(c)	Rolla-Royce £1	96/3	95 1/2	+1/3	4 14 0	16 1/2	16 1/2	+ 3d	16 1/2	16 1/2	...	5 18 0
80 7/8	17/-	11 1/2	15(b)	Rover Co. 8/-	17/6	20/-	+2/6	7 0 0	16 1/2	16 1/2	+ 3d	16 1/2	16 1/2	...	5 18 0
18 9	13 9	25(c)	4(a)	Standard Motor Co. 5/-	16/9	16 10 1/4	+7 1/2	8 17 6 1/2	16 1/2	16 1/2	+ 3d	16 1/2	16 1/2	...	5 18 0
Shipping															
10 1/2	8	15(b)	5(a)	Clin Line Steamers (£1)	6 1/2	6	-1/2	3 6 9	16 1/2	16 1/2	+ 3d	16 1/2	16 1/2	...	5 18 0
8 7/8	3 7/8	Nil	Nil	Cunard £1	21/3	23/-	+1/9	2 12 0	16 1/2	16 1/2	+ 3d	16 1/2	16 1/2	...	5 18 0
81/6	19 6	Nil(c)	8(c)	P&O. Withy £1	21/3x	21 6	+2/6	3 15 0	16 1/2	16 1/2	+ 3d	16 1/2	16 1/2		

(Continued from page 491)

reported early in the month. In general, most interest was shown in loan-stock issues, which were alternately bought and sold on varying surmises regarding the impending new law. The three potash companies of the Salzdetfurth group also gained considerably on the month. Most standard industrials were lower. Mortgage banks were favoured, and the two German overseas banks rose, but commercial banks were dull, while Reichsbank moved with other loan stocks. Shipping shares reacted. Late in the month colonial issues were bought and prices rose, but share quotations generally were weak. Home fixed interest securities were firm, but speculative dealing was confined to "New-Owned" public loans (acquired after June, 1920), regulation of which is expected. Late in the month the German (reichsmark) section of the Young Loan advanced, and closed at 105.50.

	Nov. 3, 1937	Nov. 18, 1937	Dec. 1, 1937		Nov. 3, 1937	Nov. 18, 1937	Dec. 1, 1937
Reichsbank	204.00	211.50	208.50	A. E. G.	117.75	118.90	115.60
D.D. Bank	122.00	123.00	122.25	Siemens & Halske	200.00	208.00	200.40
Dresdner	114.00	114.10	113.80	Vereinigte Stahl-	112.25	114.50	112.25
I.G. Farben-	155.00	158.25	155.00	werke (New)	80.00	79.00	80.50
Industrie	81.00	81.00	81.75	Hamburg-Amer.			
Norddeutscher				("Hapag New")			
Lloyd (New)							

(c) New issue.

AMSTERDAM

DESPITE occasional good sessions, November was an unsatisfactory month, with sagging prices and a low level of activity. In the first ten days falling commodity prices depressed the market, one of the weaker stocks being Royal Dutch. A slight improvement towards mid-month was checked by the Brazilian default, but although business was quiet, the tone was slightly firmer. In spite of occasional rallies, the market situation deteriorated in the latter part of November, and stocks touched new low records. A feature last week was the weakness in domestic issues, independent of fluctuations in American securities.

	Nov. 3, 1937	Nov. 18, 1937	Dec. 1, 1937		Nov. 3, 1937	Nov. 18, 1937	Dec. 1, 1937
2½% Dutch Loan	80½	82½	83	Steel Common	44½	40½	42
5½% German	24½	25½	25½	A. K. U.	49½	47	44½
Unilever N.V.	147½	145½	145½	Ford Motor	255	255	250
Philips Lamps	313½	305½	278½	Deli Batavia Tob.	206½	211	206½
Netherlands Ship				Royal Dutch	357	333½	336½
Union	122½	116½	115½	Handels Ams.	440	409	412½

* Without transfer certificate.

CANADA

AFTER eleven days of continuous selling the slump in Canadian stocks was checked about mid-October, and prices rebounded sharply. Subsequently markets were hesitant, and any advances were almost invariably followed by setbacks. Trading continued light. Borrowing on collateral by members of the Toronto Stock Exchange totalled \$28.4 millions for September, a decline of \$18.4 millions from January's high figure. The second week saw a sharp slump in Brazilian Traction, which is a Canadian corporation, as the result of the Brazilian coup. Dull but fairly firm mid-month dealings were followed by a marked fall under the lead of base metals, though they led a recovery at the close. Gold stocks provided some resistance, and were among the few satisfactory features of the market. The markets are still apprehensive concerning the winter business outlook in the United States, and newspaper issues, in particular, have been affected for this reason. Bonds remain firm, helped by the success of the new Dominion conversion loan. The Bureau's "Investors" Index for common stocks which stood at 103.1 on October 15th rose to 109.0 on October 29th, but on November 4th had reacted to 106.2. The index for Dominion bonds was 114.3 for the week ending November 4th, 2.9 points below the corresponding week of 1936.

Assets exceed £18,000,000

Over 150 Branch Offices

By Appointment

GENERAL

ACCIDENT FIRE & LIFE ASSURANCE CORPORATION, LTD.

of Perth (Scotland) & London

FOR ALL TYPES OF INSURANCE AND AS EXECUTOR OR TRUSTEE

	Price Nov. 3, 1937	Price Dec. 1, 1937	Price Nov. 3, 1937	Price Dec. 1, 1937
Bell Telephone	162½	162	Cockshutt Plow	8½
Canadian Car and Foundry	9½	9½	Dominion Glass	100
Do. pref'd.	22	21	International Petroleum	30½
Power Corporation	45½	44½	Brazil Traction	16½
Dome Mines	12½	12½	British Columbia Power "A"	34
Hollinger	36½	37½	Do. "B"	5½
McIntyre	57½	57½	Canada Cement	8½
Bank of Canada	190½	194½	International Nickel	44½
Bank of Montreal	290	292	Massey Harris Com.	6½
Bank of Nova Scotia	176½	165	Montreal Light	30
Royal Bank of Canada	162	156½	Ogilvie Flour Mills	200½
Canadian Bank of Commerce	8½	8½	Quebec Power	15½
Canadian Pacific Ry.			Shawinigan Water	20½
			Steel Co. of Canada	65

CAPITAL ISSUES

THE new issue market this week has been actively discussing the shape of things to come, particularly on the investment trust front. It is reported that no fewer than three investment trust formations are in an advanced stage of preparation. The largest, *New Mercantile Investment Trust*, will have a capital of £1,000,000 4 per cent. debentures and £2,000,000 Sir Miles Mattinson (chairman of Mercantile and General Trust) and four other members, of whom two are also associated with the Mercantile group. It is proposed to offer debentures, dated 1958-68, at par, with instalments spread over nine months, while only 10s. is to be called on the ordinary capital at first. The second new trust is ordinary shares, and will be managed by Helbert, Wagg and Company. It is not proposed for the present to make a market in these shares, which will be held principally by insurance companies and other investment interests. The smallest of the three—*Perham Trust*—is to issue £500,000 of new capital, and appears under the auspices of Messrs M. Samuel and Company. Scotland has monopolised this week's public issues. The *Paisley* loan, issued on Thursday, followed the familiar lines, in interest, price and date. The burgh is of good standing in the London market. *Clyde Crane and Booth* is an amalgamation of two crane-making specialists, which acquires net assets of £182,369 for £144,520. The company, it appears, will begin life with a substantial surplus of assets over its issued capital. The amalgamation is expected to produce two branches as far removed as Leeds and Glasgow. A spectacular increase in joint profits over recent years is considerable advance is anticipated for the first financial year. The 6 per cent. redeemable £1 preference shares, issued at par, will not enjoy a wide market, though they will have the benefit of a sinking fund from profits, while the 4s. ordinary shares, (subject to N.D.C.) earnings basis on the issue price. Both must be ranked in a speculative category. Statements for *International Trust* and *Thompson Brothers (Bilston)*, Ltd.

TOTALS OF CAPITAL ISSUES DURING WEEK

	Nominal Capital	Conversions	New Money
To the Public	159,180	£	£
To Shareholders only	Nil	£	183,742
By Stock Exchange Introduction	Nil	£	Nil
By Permission to Deal	1,415,844	£	1,805,374
Total Capital Raised			
Including Conversions	502,251,335	440,707,307	
Excluding Conversions	284,197,784	235,736,135	
1937 (New Basis)	529,255,042	386,744,140	
1936 (Old Basis)	374,511,421	233,878,960	
January 1 to date (Old Basis)	569,304,867	195,460,499	
1935	391,184,015	162,402,116	
1934	538,263,908	363,882,925	
1933			
1932			
1931			
1930			
1929			
1928			
1927			
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1900			

Destination of Capital (Excluding Conversions)

	United Kingdom	British Empire (excluding United Kingdom)	Foreign Countries	Total
January 1 to date—				
1937 (New Basis)	377,775,138	60,673,810	2,238,359	440,707,307
1937 (Old Basis)	215,857,113	18,386,522	1,492,500	235,736,135
1936 (New Basis)	188,069,824	18,945,819	192,106,503	440,707,307
1936 (Old Basis)	169,021,683	38,783,481	58,180,492	235,736,135
1935 (Old Basis)	146,225,116	22,316,397	178,938,978	368,744,140
1934 (Old Basis)			65,387,447	235,736,135

Nature of Borrowing (Excluding Conversions)

	Debentures	Preference	Ordinary	Total
January 1 to date—				
1937 (New Basis)	218,536,422	30,064,382	192,106,503	440,707,307
1937 (Old Basis)	188,069,824	18,945,819	58,180,492	235,736,135
1936 (New Basis)	169,021,683	38,783,481	178,938,978	368,744,140
1936 (Old Basis)	146,225,116	22,316,397	65,387,447	235,736,135

Whole Year (Old Basis)—				
1928	212,917,900	45,062,600	111,177,600	369,158,100
1929	222,064,300	12,733,700	9,982,500	244,780,500
1930	102,769,300	21,461,000	44,878,400	160,108,700
1931	167,185,509	31,696,741	37,265,387	236,147,637
1932	160,521,116	24,423,647	70,626,230	255,570,993
Whole Year (New Basis)—				
1935	193,599,713	48,806,822	115,118,905	357,525,400
1936	184,255,833	41,580,731	268,303,201	494,139,765

Paisley Corporation.—Issues of £1,000,000 3½ per cent. stock at 101. A trustee stock. Redeemable at par January, 1960, or from 1958 on notice. Ranks with existing and future debt. Estimated population, 90,500; rateable value, £646,000; rates, 10s. plus water rate. Net debt, £3,535,565 (of which £2,696,286 productive). Total liabilities, £4,203,257, and assets £5,804,605.

Clyde Crane and Booth, Ltd.—Issue of 90,000 6 per cent. cum. redeemable £1 preference shares at par and 340,900 4s. ordinary shares at 5s. 6d. Preference shares redeemable from 1938 by purchase at or under 21s. 6d., or from 1947 at 22s. on notice. Combines two crane-making businesses. Combined profits before depreciation, interest and managing directors' remuneration: 1934-35, £11,370; 1935-36, £26,490; 1936-37, £35,367. Net assets, £182,369, purchased for £144,520 (by 109,100 ordinary shares, and discharge of £122,700 special bank loans.)

BY STOCK EXCHANGE INTRODUCTION

English and International Trust, Ltd.—Particulars relating to £100,000 4 per cent. debenture stock secured by first floating charge and of which £50,000 issued. Redeemable at par October, 1972, or from 1967 on notice. Further stock ranking *pari passu* cannot be issued beyond one half of issued share capital without extraordinary resolution of debenture holders. £50,000 has been taken at 99 in cash.

Thompson Brothers (Bilston), Ltd.—Issued capital £89,606 ordinary stock and 10,394 6 per cent. tax free cumulative £1 preference shares. General engineering business, founded 1810. Profits, after depreciation, years to July 31st: 1935, £16,551; 1936, £16,748; 1937, £28,615. Total assets, £162,023. Achilles Trust subscribed to 179,212 5s. ordinary shares at 8s. 4½d., or 8s. 7½d. including expenses.

PRIVATE PLACINGS

Anglo-American Corporation of South Africa.—It has been decided to accept an application from the British South Africa Company (80 per cent.) and Messrs. E. Oppenheimer and Son Company (20 per cent.) for 700,000 6 per cent. cumulative 10s. preferred shares (20 per cent.) for 700,000 6 per cent. cumulative 10s. preferred shares and 300,000 10s. ordinary shares of the corporation for a total cash consideration of £1,250,000. In accepting this offer the board was influenced by the present favourable opportunities for investment and by their desire to maintain the Corporation's very strong financial position.

Transport Services.—This company has placed privately 38,000 6 per cent. redeemable cumulative £1 preference shares and 114,000 5s. ordinary shares. The proceeds are for the purchase of fresh interests. Further shares are to be placed in the next few days.

BONUS SHARES

Morrisons (Gowns).—Distribution to deferred shareholders of nine £1 deferred shares (ranking from January 1st) for each deferred share held on December 8th, in capitalisation of £9,000 placed from 1936 profits to dividend reserve account.

Atlas Steel Foundry.—This company is increasing its capital to £56,250 by issuing 18,750 £1 bonus shares, in proportion of one bonus share for two shares now held.

Crompton Parkinson, Ltd.—A special bonus distribution will be made from capital reserve of one new "A" ordinary share of 5s. for three ordinary and/or "A" ordinary shares held.

Handley Page, Ltd.—The capitalisation of £124,465 from certain reserves is recommended, for the issue to existing ordinary stockholders of a capital bonus of one 5s. unit for every 5s. unit held.

ISSUES TO SHAREHOLDERS ONLY

Second Alliance Trust Company.—It is proposed to increase the capital from £1,050,000 to £1,500,000 by creating 450,000 £1 shares. The directors intend to issue part of the new capital; the shares will be offered to ordinary stockholders on terms to be announced later. Meeting, December 10th.

RESULTS OF ISSUES

Australia 3½ per cent. Registered Stock, 1951-54.—It is understood that underwriters will have to take up about 70 per cent. of the issue of £11,409,965.

Earls Court.—It is understood that underwriters will have to take up 86 per cent. of the recent offer of £300,000 in 5 per cent. debenture stock.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Paid	Nov. 24, 1937	Dec. 1, 1937
Australia 3½, 1951-54	97	5	8/0-8/6	7/3-7/9
Britannia Lamps 5/-	8/6	8/6	par-3d 1m	4/9-5/3
British Coated Board (5/-)	5/-	2/-	31/1½-32/1½	30/6-31/6
First Re-investment Trust £1	20/-	7/6	1½-4½ pm	4½-7½ pm
Hawker-Siddeley 5% Pref. 20/-	98½	15	1½-1½ pm	2½-2½ pm
Hiram Walker 4½% Deb.	101	61	1½-1½ pm	1½-1½ pm
Hull 3½%	96	20	1½-1½ pm	1½-1½ pm
Kent Electric 3½% Deb.	101	31	1½-1½ pm	1½-1½ pm
Liverpool 3½%	101	31	1½-1½ pm	1½-1½ pm
Midland Bank £1	101	31	1½-1½ pm	1½-1½ pm
Sheffield 3½%	101	31	1½-1½ pm	1½-1½ pm
Taf Fechan 3½%	101	31	1½-1½ pm	1½-1½ pm
Thompson Bros. Ord. 5/-	101	41	1½-1½ pm	1½-1½ pm
Union Castle Ord. £1	101	41	1½-1½ pm	1½-1½ pm
Wakenfield 3½%	101	41	1½-1½ pm	1½-1½ pm
Western Holdings 5/-	101	41	1½-1½ pm	1½-1½ pm
West Wiltshire 2/6	101	41	1½-1½ pm	1½-1½ pm

SHORTER COMPANY COMMENTS

COMPANY RESULTS OF THE WEEK.—For the most part the 14 brewery and distillery results published this week show a satisfactory rate of improvement. Higher sales have yielded BENSKINS WATFORD BREWERY an increase in gross profit of £18,100, net earnings of £266,100 being some £7,500 greater. The BIRKENHEAD BREWERY dividend is raised from 10 to 11 per cent., and £20,000 is provided for renewals and alterations. BRICKWOOD AND COMPANY profits of £184,119 compare with £170,393. The chairman's speech, included in the excellently presented report, refers to the large expansion in bottled beer requirements. CHELTENHAM ORIGINAL BREWERY net earnings are £2,500 higher at £91,866, generous provisions being made for improvements and for writing down plant. The ROBERT DEUCHAR dividend remains at 20 per cent. tax free, though net profits have risen by £11,000 to £71,306. PHIPPS AND COMPANY earnings have increased from £158,015 to £161,866; a new insurance reserve is being created. One of the more notable improvements is that of PETER WALKER AND SON, WARRINGTON AND BURTON, who have earned £520,136 against £459,871. Another company to increase its dividend by 1 per cent. is WOLVERHAMPTON AND DUDLEY BREWERIES, whose latest distribution is 16 per cent., out of net profits of £259,051. MERCANTILE CREDIT, the hire-purchase finance company, have earned £3,700 more at £50,843, and are paying 15 per cent. against 12½ per cent. TOBACCO SECURITIES TRUST are paying 16 per cent. on the ordinary shares, and deferred dividends are consequently resumed at the rate of 4-5 1/4 per cent.; net profits amount to £575,884 against £537,832. Satisfactory progress has been revealed in recent heavy industry and engineering company reports. ATLAS STEEL FOUNDRY have earned 50 per cent. more at £33,347, and the dividend is now doubled at 30 per cent. MITCHELL SHACKLETON AND COMPANY net profits of £31,062 for 1936-37 compare with £12,117 for nine months; output has benefited from the forge extension. The first report of DUNSWART IRON AND STEEL WORKS, the South African company, since its introduction to the public, shows net profits of £35,014. The second report of H. M. HOBSON (AIRCRAFT AND MOTOR) COMPONENTS shows that the year's net profits amount to £67,856, against £23,770 for the initial 15-month period. C.T.C. BAZAARS (SOUTH AFRICA) net profits have declined by over £10,000 to £26,804: the unusual method has been followed of taking share premiums (£80,973) into the Appropriation Account, so that the carry-forward becomes £104,312. HARRODS (BUENOS AIRES) have resumed dividends with a 1½ per cent. payment: profits of £282,725 are more than double those for 1935-36, while SOUTH AMERICAN STORES, having earned £188,504 against £122,892, have paid six years' preference dividend to the parent company. BRITISH TYRE AND RUBBER maintain their 10 per cent. dividend, after earning £12,000 more at £135,186 and have reduced goodwill to £62,500. BROOM AND WADE have earned 41 per cent. more at £49,982, and have doubled their allocation for depreciation. The CRITALL MANUFACTURING dividend is raised from 20 to 25 per cent. by an increase in net profits from £223,732 to £249,745.

MISCELLANEOUS

GLASS HOUGHTON AND CASTLEFORD COLLIERIES.—Report for year ended September 30, 1937, shows profits, including dividends, £123,192 against £85,886; depreciation, £20,000 (as before); debenture interest, £15,637. Final dividend of 7½ per cent., making 12½ per cent., against 7½ per cent. General reserve, £20,000 (against nil). Carry-forward, £4,518 (against £4,502).

CABLES AND WIRELESS, LTD.—This company announces the opening of a new Overseas Telegraph Office in Thames House, Millbank, S.W.1.

LIMITED INVESTMENT FUND.—Distribution for half-year to November 26, 1937 (on coupon 4, due January 15th) is 4-40d. per unit tax free, or £4 17s. 9d. per annum on initial price (against rate of £4 9s. on coupon 3). Fourth progress report shows that current gross yield on fund is 4½ per cent. on initial price of £1; at last report it was 4½ per cent. The report shows percentage composition of the fund.

HARRODS (BUENOS AIRES).—Profits for year to August 31, 1937, were £227,715, an increase of £66,563. Available balance of £16,198 increased to £30,114 by transfer of £13,916 from ordinary shareholders' dividend liquidation account, ordinary dividend, 1½ per cent., against nil. Sales expanded during year by over 15 per cent.

RICHARD THOMAS AND COMPANY.—It is announced that this company has secured a large order for the tinplate requirements of an important Canadian consumer for delivery during 1938. It is expected that the 1938 requirements of this consumer will amount to 1,500,000 boxes, or about 70,000 tons.

GRIFFITHS HUGHES PROPRIETARIES.—The directors have decided to end financial year on March 31, 1938, instead of June 30th, to coincide with financial year of the operating company. This will in no way affect profit of holding company. Interim dividend of 2½ per cent. actual on ordinary for period to March 31, 1938. Interim of 5 per cent. was paid on account of year to June 30, 1937.

Messrs W. D. and H. O. Wills are offering, for the Christmas trade, oak cabinets containing "Gold Flake Special" or "Capstan" Special cigarettes on the same lines as in earlier years. The retail price of oak cabinets containing 50 cigarettes is 3s. 10d., 100 cigarettes 6s. 6d., and 150 cigarettes 9s. 6d. Tins, enclosed in Christmas cartons without extra charge, are also obtainable.



SECURITY FIRST

TOTAL FUNDS EXCEED £48,000,000

CLAIMS PAID, OVER £225,000,000

Head Offices:
LIVERPOOL North John St.
LONDON Lombard St.

COMPANY MEETINGS

TUBE INVESTMENTS LIMITED

LARGE INCREASE IN TURNOVER

MR ARTHUR CHAMBERLAIN ON RAW MATERIAL POSITION

The eighteenth ordinary general meeting of Tube Investments, Limited, was held at the Queen's Hotel, Birmingham, on the 1st instant. Mr Arthur Chamberlain (chairman) presided.

In moving the adoption of the report and balance sheet, the Chairman said that in 1937 their turnover, incredible as it might seem, increased by no less than 25 per cent. over that of 1936. During the year there was hardly a corner in any of the company's factories that was not operating to capacity, and this unexpected increase in output from existing plant by the spread of dead charges over a larger turnover led to an unexpectedly larger profit and a higher rate of profit. When the final figures were available they found to their surprise that 1937 constituted a record that would take a lot of beating. He said "to their surprise" because they had raised their prices very much less than the increase in labour and materials, on the face of it, made imperative. Encouraged by this reward of virtue they would continue their policy of taking no advantage of this being a sellers' market, but would continue to ask from their customers not what they could get, but something less than the ruling prices for labour and material justified, confident that when, in the course of time, conditions changed and buyers came into their own the company's present moderation would stand them in good stead.

INCREASES IN COST OF PRODUCTION

The three months of the financial year already passed recorded a continuance of the increase in turnover over the corresponding period of 1937. This increase was extremely unlikely to continue at the same rate, as they came into comparison with the later and larger months of 1937, and it was even likely that the figures of the latter months of 1937 might not be reached. On the other hand, they could forecast with horrible certainty the increase in prices of labour and raw material and the rise in the cost of social services, such as holidays with pay. We did not grudge the increases in pay nor the holidays with pay. Some of the increases in raw material prices were extortionate and would bring their own retribution in their trail. They would unduly inflate the cost of manufacture and thus check consumption, causing loss of employment and profits generally in the country. Individually the chief sinners would not be forgotten and when times changed they would be sorry indeed to find how many people had long memories. Protection and direct Government encouragement had latterly been responsible for very many trade associations being formed or tightened up and, from their actions, some, he regretted to say, seemed unable to exercise their new power with that moderation that was desirable if stability and continuity were a sought-for achievement. Unless the Government were unusually watchful and firm—and so far they showed no signs of being so—this co-ordination of manufacturers that, in his opinion, the Government had rightly encouraged and aided would rapidly grow into a strangling grip on costs of production and so on home and foreign trade alike.

THE DIFFICULTY IN OBTAINING RAW MATERIAL

The year 1937 would go down in their recollection as a year of difficulty in getting raw material. Right through the year there had not been a week when one or other of their works was not threatened with stoppage for want of material. Sometimes suppliers had accepted more orders than they could execute; sometimes they, in turn, could not get their raw material; and sometimes, he regretted to say, suppliers took advantage of the famine and withheld deliveries from those who had placed their orders before the general rise in price and mysteriously found themselves able only to deliver to those who were paying the highest price. The difficulties attendant on securing regular supplies of raw material were, he thought, now becoming less troublesome. The recent announcement of the iron and steel people that present prices would hold good until the end of 1938 was an indication of this. "We are informed," Mr Chamberlain went on, "that this is a public-spirited action, taken in the face of great uncertainty as to the cost of their raw material, to give confidence and stability to all users of steel and iron, and so to endeavour to put a check on that recession in trade activity that we are told is already operative in the United States, and with which we also are threatened during the next twelve months. It

may be, and if so it is an action both wise and worthy of our admiration. It would have been wiser, more certain of achieving, its announced aim, and more worthy of our admiration if they had announced an immediate reduction in price. Personally I read the omen differently. I think that they have begun to realise that the recession in trade with which some people think we are threatened, and of which some of us think we already feel the beginning, is in part caused by the prohibitive cost to industry of their goods, and that this is a desperate but, in my opinion, futile attempt to maintain their exorbitant prices yet a few months longer. I hail the announcement as heralding an imminent drop in steel prices which they fondly hope to postpone by a show of trade solidarity that they really fear will not stand up against the hard facts of supply and demand."

BASIS OF COMPANY'S STABILITY

The year 1937 was another of those in which he was able to report that everyone of their companies made a profit. When the company was formed eighteen years ago and consisted of Tubes, Limited, and Accles and Pollock, with their two subsidiaries, Simplex and Credenda, they gave employment to 2,934 people and did a trade of one and a half millions per annum, whereas to-day they gave employment to some 16,000 people and turned out some ten million pounds' worth of manufactures. The stability of the company was now built on four main foundations: (1) The original plain tube businesses; (2) the group that owes its existence to manipulation to a greater or lesser degree of the plain tube and which, starting with perhaps bending the tube, as in a cycle handle bar, extends in complexity of machinery and manipulation to cover such varied articles as motor-car axles, gas containers, golf shafts, steel furniture, road equipment and a host of other articles; (3) the cycle fittings group, responsible for such things as brakes, handle bars, hubs, lugs, cranks, chain wheel and pedals; (4) the electrical group engaged in the manufacture and sale of the lighter articles of electrical equipment, such as fires, cookers, water heaters, irons, conduit, switches, cable, etc. Two years ago he reported ominous indications that their cycle fittings trade had seen its best days, but the clouds had dispersed and last year the turnover showed a remarkable expansion. The last few years had witnessed an ever-increasing use of tube in some form or other in industry, and the introduction of stainless steel, the various hard steel alloys, and lately aluminium alloys, had vastly increased the field in which tube as a basis was found to be the most suitable material. Reynolds had now a mill for producing aluminium and aluminium alloy tubes and sections by the extrusion process that exceeded in importance its old and still flourishing steel tube business, famed, amongst other products, for the celebrated Reynolds butted tubes. A further expansion of Reynolds' activities had been the successful opening, in conjunction with High Duty Alloys, Limited, as fellow shareholders, of a large and very complete rolling mill for aluminium alloy sheets. In fact, now taking its place in the first half-dozen. The manufacture of steel sections, too, was now a flourishing subsidiary of Accles and Pollock.

BOARD'S DIVIDEND POLICY

Concluding, the Chairman said that the financial position was such that merely to retain their dividend at last year's rate would be, in his opinion, to exercise an undue determination to look after somebody else's money instead of leaving them to do it themselves. The choice seemed to lie between increasing the dividend or capitalising and distributing as bonus shares some of their £1,200,000 undivided profits. They thought it wiser to increase the dividend rate to a total of 23½ per cent., and they fixed on that rate because, without any idea of a guarantee, they saw no reason why, even with a diminution of a quarter of a million in their annual profits, they should not be able to maintain it. They saw no reason to assume that English trade was going to suffer a setback larger than would account for a fall of about that amount. (Applause.)

Mr J. Herbert Aston seconded the resolution, which was adopted unanimously.

GLASS HOUGHTON AND CASTLEFORD COLLIERIES LIMITED

DIVIDEND OF 12½ PER CENT.

The annual general meeting of the members of Glass Houghton and Castleford Collieries Limited, was held on the 29th ultimo, in London.

Mr A. Woolley-Hart, the chairman, in the course of his remarks, said:—On this occasion it is with great pleasure your directors meet you with a satisfactory report representing what should be a normal year. During the year we have had to meet a large increase in wages and cost of materials. Therefore we have not benefited much from the increased price obtained, particularly as, like all other collieries, we had contracts running at lower prices, which have now been replaced by contracts at the higher prices ruling. Those prices, however, do not reflect the high level of increase which consumers and many others seem to believe prevail. As against this there has again been a considerable increase of wages, starting from September 1st last, and a further large increase in the cost of all materials, particularly timber, the whole of which increase we estimate, so far as we can tell, is likely to come to a total of 1s. 3d. to 1s. 6d. per ton in the current year.

The development of the new area is proceeding as rapidly as possible. We still have a fault to prove before we arrive in the main body of the area. We hope then to get into a settled area and that the various seams will prove satisfactory.

As to the results to be obtained during the current year, one quarter of which has already passed, the prospects of a satisfactory year are distinctly good. The coke industry is holding its own, and, I think, likely to do so for at least another year or two.

THE NEW COAL MINES BILL

You might like to hear a few words about the new Coal Mines Bill which is before the House of Commons. It deals with, I think everybody must know, two sides of the coal industry, and with regard to that part which refers to the nationalisation of minerals, which is called by a much longer name in the Bill, I still hold the views which I have constantly put forward for some years past that what the Government wishes to do will not be of much, if any, benefit to the industry, and all that it can effect of real use could have been done by further amendments of the last Act.

On the question of amalgamations, with which I personally think we are very much more concerned, a great deal more has been accomplished voluntarily than is generally realised, and the number of separate ownerships much reduced. There are still some instances where, failing closure, amalgamation may be of some service, but this is not generally the case. Further than this, the hopes of amalgamations of the larger concerns will not realise the hopes and statements of the various Royal Commissions and inquiries that have taken place, unless great care is taken, and great ability displayed by those preparing the schemes, who should have a very long practical acquaintance with the coal industry as a whole, including the sales questions, and of the particular districts in which the amalgamations are to be compelled.

WIDER POWERS FOR TRIBUNAL ESSENTIAL

The main point, however, is that in case of compulsory mergers there are words in the Bill which are supposed to give the colliery owners the right to refer to a tribunal of appeal, and try to obtain justice if they do not consider the terms fair and will be suffering any injustice. Such tribunal, if it is to be able to rectify any faults of the projectors of a scheme, should not be limited in its powers, but be free to examine and reject the scheme in respect of any and every detail, and not be tied down to giving its decisions upon strictly limited lines and conditions. All the costs of such appeal should be borne by the Commission and no step towards amalgamation should be taken by the Commission until the appeal has been heard and a decision given.

It is too late when the proposed procedure under the Bill has been followed prior to such decision. I am hopeful that amendments will be proposed and carried which will meet at all events some of those objections.

After providing for the full upkeep of our plant, sidings, etc., we again write off £20,000 depreciation as last year, and after paying debenture and preference share interest we propose to add £20,000 to the reserve fund, to pay a dividend of 12½ per cent. for the year—5 per cent. of which has already been paid as interim dividend—and carry forward £4,518.

The report and accounts were unanimously adopted.

WANKIE COLLIERY COMPANY, LIMITED

FAVOURABLE REVALUATION OF PROPERTIES

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

Sir Edmund Davis (chairman and managing director), in the course of his speech, said:—The profit for the year amounted to £222,959. After deducting the three interim dividends, one of 6 per cent., paid on March 1, 1937, £59,850, and two of 5 per cent. each, paid on April 17 and July 15, 1937, which amounted to £99,750, there remains a balance of £56,045. From this balance it is proposed to pay you a final dividend of 4 per cent., absorbing £39,900.

During the year under review we considered it advisable to have the properties and their equipment independently valued. We approached the Anglo-American Corporation of South Africa, Limited, and have received their report, in which they value the collieries at £1,195,000.

In this valuation they have taken a radius, so far as No. 1 Colliery is concerned, of two miles from the station at the bottom of the main hauling shaft, in which they estimate a tonnage of about 15,000,000 tons, or within a three-mile radius an additional 28,000,000 tons, making a total of 43,000,000 tons of extractable coal, without any heavy capital outlay.

In the No. 2 Colliery, within the same radius, it is estimated that the total available coal, to be worked under the same conditions, is about 352,000,000 tons, but as the coal in this No. 2 Colliery is so near the surface only about 50 per cent. of the present seam is extractable in the first working, leaving the pillars to be extracted at a later date. These valuations are based on 56 square miles out of our coalfield of 400.

As a result of this revaluation we have written up the coal-mining and other rights from £489,763 in our previous balance sheet to £1,200,000 in the one which is now before you, and the difference of £710,147 has been carried to a capital surplus account.

QUESTION OF COMPETITION

Of late we have been somewhat troubled not only by the publication in one of our newspapers with a very large circulation of a statement on the subject of an opposition colliery being opened in Southern Rhodesia, but also by inquiries being made by members of the Stock Exchange here as to the possible effect of this new colliery on our business.

In this connection I cannot do better than state that at one time we could have pegged the property and at another we could have purchased it for £3,000, and that with the permission of the then owners we had the property reported on in March, 1930, and in September of the same year, and as a result of reports obtained and assays we had made we decided not to consider the acquisition of the property.

In continuance of the same subject—that is, so far as the development and equipment of any outside property in Southern Rhodesia are concerned—I have read with much interest references in the Southern Rhodesia Press to speeches which have been made of late, especially so far as concerns the price of coal in Southern Rhodesia.

WANKIE COAL'S HIGH CALORIFIC VALUE

In this connection no attention has apparently been paid, previous to making these remarks, to the extraordinarily high value of Wankie coal compared with certain coals elsewhere in South Africa to which reference was made.

In buying coal you have to consider what its heating qualities may be, and no comparison as to price is of any value if you do not take this into consideration. This you will readily appreciate when I point out to you that the coal being produced by some South African collieries, which I understand were meant in the speeches already referred to, had a calorific value of 9,600 B.T.U. compared with 14,000 for Wankie coal. This means that you would have to use about 3 tons of their coal to 2 tons of Wankie, or 50 per cent. more coal to obtain the same heating results.

We have a very simple proposition to deal with so far as concerns the value of the coal and the cost thereof to the public at the colliery, and for this purpose you must bear in mind the calorific value already mentioned, and the ash content from the coal produced by the colliery referred to, which amounts to about 520 lb. per ton of coal, whereas in Wankie coal it is about 242 lb. If you then take the price at which this particular South African coal is sold to the public—which varies between 6s. 6d. and 7s. 6d. per ton at the pit's mouth—and make a calculation based on the information I have just given, you will find that our prices at pit's mouth are really more favourable to the consumer.

The report and accounts were unanimously adopted.

NEW GOLDFIELDS OF VENEZUELA, LIMITED

RECORD GOLD REALISATION

The tenth annual ordinary general meeting of the New Goldfields of Venezuela, Limited, was held, on the 26th ultimo, at the Chartered Insurance Institute, 20 Aldermanbury, London.

Mr John A. Agnew, the chairman, who presided, in dealing with the profit and loss account, said proceeds of bullion amounted to £505,259, a record figure. The net result of the year's operations is a profit of £128,999, against £100,199 for the previous year. In December last interim dividend No. 1 of 5 per cent., less tax, was paid, absorbing £39,908, and it has been necessary to write off £28,877 in respect of depreciation and of obsolete stores. At June 30, 1936, the balance to the credit of profit and loss account amounted to £79,171, so that the total balance of profit amounts to £139,385, which, for the reasons set out in the report, we have decided to carry forward to the current year.

SATISFACTORY RESERVE POSITION

Tonnage treated at 192,069 tons and gold recovered at 71,999 ozs. both show very satisfactory increases over the previous year, the gold recovery at over 10,000 ozs. more being a record. At June 30, 1937, ore reserves were shown at 559,020 tons on an average grade of 8.6 dwts. per ton, representing an increase of 64,492 tons after allowance had been made for the 192,069 tons extracted during the year, and an increase of 0.5 dwt. per ton in value.

It is very reassuring to note that the average grade of ore treated during the year at 8.2 dwts. so closely approximated the estimate of 8.1 dwts. given at the beginning of the year. The present estimate has again been made with due regard to the geological and ore-breaking conditions in each section of the mine and should thus prove reliable. The increase of 0.5 dwt. in value is due to the average grade of the Peru ores being 8.9 dwts. per ton this year, as against 8.1 dwts. a year ago, the Caratal ores having remained unaltered at 8.0 dwt. per ton.

Development footage this year amounted to 12,076 ft. and resulted in a relatively high tonnage of new ore being added to the reserve for each foot of development. The average over the last three years has been about 17 tons of new ore per foot of development. We have this year milled an average of some 16,000 tons per month, and this will be increased during the coming year, so if we assume a crushing rate of, say, 225,000 tons yearly, with the anticipation of a possible 250,000 tons in the future, we would, at the ratio of 17 tons per foot, require a development footage of 15,000 ft. yearly to keep the ore reserve position intact.

In the mill the flotation plant is coming into operation, and it is satisfactory to note that, with two-thirds of the ore reserves consisting of sulphide ore, the treatment of this ore by flotation is likely to be simpler and less costly than is the case at present. It is thought that possibly one-half of the total tonnage to be treated this year will go to this unit, and if this is so, milling costs should show some reduction.

MR C. O. LINDBERG'S VIEWS

Mr C. O. Lindberg estimates that on a tonnage of 225,000 tons there should be a recovery of 85,000 ozs., with a slight fall in operating costs in terms of bolívares.

A recent report from Mr Lindberg states:—The physical conditions of the mines and equipment are in better shape than ever before. The ore reserves are larger, and the deep development has established at Peru the undiminished extension in depth of sulphides with gold content higher in grade than the ores hitherto exploited. While no such definite indications have been found in the Caratal section—that is, the Union, Sosa Mendez and Hansa Mines—these mines are as yet shallow, and it seems likely that they will eventually develop similarly at depth to these in Peru.

In the mines where a large percentage of the costs is absorbed by wages, any reduction in unit costs will be slow. A reduction will be seen as facilities offered by the shafts, mechanical haulage and other mechanical means become effective and utilised to capacity by the labour now inexperienced in their operation.

That the properties have been brought to the present excellent condition under more than the usual difficulties inherent to mining operations reflects creditably on the general manager and his staff. The amicable regard in which the company is held by the federal authorities in Caracas is partly due to the efforts of the company's legal adviser, Dr Nicomedes Zuloaga, and in no small measure to the understanding and diplomacy shown by your general manager, Mr A. J. Anderson.

The report and accounts were unanimously adopted.

CONSOLIDATED GOLDFIELDS OF SOUTH AFRICA, LIMITED

A NOTABLE JUBILEE YEAR

The ordinary general meeting of this company was held, on the 2nd instant, in London.

Mr John A. Agnew (the chairman) dealing first with the accounts of New Consolidated Gold Fields, Limited, the operating company, said that the item "Dividends, profits, etc.," amounted to £2,214,610, against £1,306,453. The increase of £908,000 was due in the main to the opportunities which had existed during the first nine months of the year under review for the profitable realisation of some of the company's holdings. The revenue from dividends was again higher, and had shown an increase for four successive years, in which period it had been nearly doubled. (Applause.) It was interesting that in the jubilee year of the company the figure of profit was easily the highest on record, with the exception of 1895, the year of the great Kaffir boom, and if the present system of account-keeping had been followed in 1895 the year with which they were now dealing would have shown an absolute record. (Applause.)

The dividends paid by the operating company called for no comment except that this year a special ordinary dividend of 2s. 6d. per share had been paid, which had enabled the parent company to pay a special jubilee ordinary dividend of the same amount. A total dividend of 6s. 6d. per share, or 32½ per cent., had been paid, which enabled the old company to pay a similar amount and to carry forward £30,000.

TAXATION BURDENS

At meetings of this company during the past three years he had had a good deal to say regarding the taxation position in South Africa. His remarks, he was afraid, had had very little effect in the direction of securing any relief, but those who studied the course of events in South Africa could not help being impressed with the evidence of the very great amount of money that was being continually raised for the development of new mines. Many millions of pounds had been subscribed in the last three or four years, and it was safe to predict that further like amounts would be required in the near future, but what inducement was offered to shareholders to increase their holdings in the Union of the profits which they should be entitled to receive as a reward for enterprise and courage by unduly high taxation.

In February their company had celebrated its golden jubilee, marking the occasion with a jubilee bonus dividend. So far results achieved reflected lasting credit on those responsible for dividends on the ordinary shares. There had been paid in the fifty years' life of the company, and that was irrespective of profits. They stood now at the commencement of a new era with the business of the company expanding in many directions, full of hope for the future, and the board trusted that, given a measure of stability in this far from settled world, they might be able to record of progress made, and thus retain the confidence shareholders had so continuously and so very definitely placed in the directorate.

POSITION AND PROSPECTS

The chairman proceeded then to deal exhaustively with the current position and prospects of the company's principal interests in South Africa, West Africa, Australia and America. He would like to point out to shareholders that the feature which gave the directors the greatest cause for satisfaction was not the record undoubtedly was, but rather that it had now been proved beyond all question of doubt that at Venterspost the main reef existed it had been located by geophysical methods, that it was of great strength and of a grade well above that necessary to stamp the property as a potential dividend-payer.

That we should emerge from the present gloom was certain, but it was very difficult to express a definite opinion as to when and how the improvement would be brought about. He would forcibly express the hope that the American Government would not, at any rate, reduce further the value of the dollar in order to escape the difficulties immediately confronting it. He would say that it was mainly a psychological phenomenon, and few things would do more to restore confidence than the knowledge that trade and industry would be granted a fair interval in which to work out their own salvation.

The report and accounts were unanimously adopted.

TREPCA MINES, LIMITED

RECORD PROFIT

The tenth annual general meeting of the Trepca Mines, Limited, was held, on the 30th ultimo, in London.

Mr A. Chester Beatty, the chairman, in the course of his speech, said: The profit and loss account shows a gross profit of £943,944, compared with £503,805 for the previous year. The net profit is £632,470, and it is proposed to pay a final dividend of 9d. per share free of tax.

The profit for the year is the largest in the history of the company, due, of course, to the striking rise in the prices of lead and zinc which took place during the first half of the year. In spite of the violent and unsettling fluctuations, I am still of the opinion that the long-range outlook for both lead and zinc is fundamentally healthy.

Ore treated for our own account amounted to 638,729 tons, resulting in the production of 70,486 tons of lead concentrates and 69,863 tons of zinc concentrates. The tonnages of ore treated and of lead concentrates produced were the largest since the opening of the mine, as also was the silver content of the lead concentrates.

Our sales of pyrite concentrates amounted to approximately 82,000 tons, showing an increase of 32,000 tons over the previous year. With the additional plant now available for the recovery of this by-product, we look for some further expansion in this section of our business. We expect also during the current year to commence earning some additional revenue from the recovery, in the form of a low-grade copper concentrate, of the small copper content of the Stantig ore.

There has been a further rise in operating costs per ton of ore treated. Our ore reserves now amount to 3,900,000 tons, having an average value of 9.5 per cent. lead, 5.2 per cent. zinc, and 4 ozs. of silver per ton. As to the prospects of the current year, it seems to me that the decline in security and commodity prices has reached a point which is not justified by general economic conditions, and from which a recovery may in due course be expected. In this recovery I should expect lead and zinc to take their full part.

The report was unanimously adopted.

GOLD COAST MAIN REEF, LIMITED

IMPROVED PROSPECTS

The fourth annual general meeting of the Gold Coast Main Reef, Limited, was held, on the 30th ultimo, in London.

The Rt. Hon. Lord Dorchester, the chairman, in the course of his speech, said that it would be most gratifying to the shareholders to learn that he was able to endorse the opinion expressed last year as to the future of their company's mines which at that time hinged upon the development then taking place on the Bondaye property. The work carried out had gone far to justify any optimism he might have shown.

At the last annual general meeting he had given a figure of 52,794 tons as the indicated ore reserves on the Main ore body and Spur perty down to the second level on the Main ore body and Spur reef, in addition to which there were just under 6,000 tons on the North indicated on the North ore body, and 5,000 tons on the North East ore body. On July 21 last a circular had been issued in which it was stated that the ore reserves, including stoppage dilution, amounted to 106,500 tons, of an average value of 10.3 dwts. per ton.

Those ore reserves existed on the 1st, 2nd, 3rd, and 4th levels at the Bondaye Mine, and did not include any tonnage from the development work in hand on the 5th level, where the first 25 feet sampled on the lode averaged 11.9 dwts. over 45 inches. Work on that level should be completed before the end of the current year, when a fresh computation of the ore reserves would be made.

They had extended their operations to the Tuappim Concession, where indications were also very favourable. The latest cabled advice stated that on the 1st level over a length of 548 feet, the ore averaged 8.2 dwts. for a width of 63.3 inches. On the new Ekotokroo Concession, old workings were being opened out and resampled, with interesting results over a strike length of 609 feet.

Their prospects were very much better than they had been at last year. They had a substantial tonnage of ore in sight at Bondaye, very favourable indications at Tuappim, and the possibility of a further mine being developed on the new Ekotokroo Concession.

The report was unanimously adopted.

CENTRAL URUGUAY RAILWAY COMPANY OF MONTE VIDEO, LIMITED

THE TARIFF PROBLEM

The ordinary general meeting of this company was held, on the 29th ultimo, in London.

Mr G. H. Harrison, C.M.G., M.Inst.C.E. (the chairman), said that the company had been reorganised and its capital rearranged, and the previously leased allied companies had been absorbed. Shortly after the scheme was approved he had visited Uruguay, accompanied by General Hammond and their consulting engineer, formulating a programme of expenditure on economic lines with a view to making the railway an efficient machine, especially as regarded shop equipment and rolling stock in relation to the work it had to do. That had been done and they were confident that economies would result.

The increased cost of all materials, especially oil fuel, would adversely affect the net revenue and therefore must be offset as far as possible. Some progress had been made towards co-ordination of transport services. The fortunes of the company were largely in the hands of the Government. While the country was emerging from the crisis with renewed prosperity, the British-owned railways were struggling to avoid insolvency. They were faced with the impossibility of charging tariffs sufficient to give a reasonable return on the capital which had been spent. The two main factors working against recovery were the severe and unfair competition from road transport and the continued depreciation—to-day about 45 per cent.—in the sterling value of the Uruguayan peso.

The report was unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended November 27, 1937, amounted to £10,537,000, against ordinary expenditure of £10,201,000. After reducing Exchequer Balances by £444,993 the operations for the week, as shown below, reduced the gross National Debt by £781,000, to about £8,237 millions.†

(000's omitted)	
Public Department Advances.....	+ 2,400
Treasury Bills	— 2,831
National Savings Certificates	— 50
P.O. and Teleg. (Money) Act.	— 300
	+ 2,400
	— 3,181

† Including £575 millions on account of Exchange Equalisation Account.

An approximate analysis of the National Debt as at September 30, 1937, appeared on page 41 of *The Economist* of October 2nd.

REVENUE	Receipts into the Exchequer				
	Estimate for the year 1937-38	April 1, 1936, to Nov. 28, 1936	April 1, 1937, to Nov. 27, 1937	Week ended Nov. 28, 1936	Week ended Nov. 27, 1937
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	£288,150,000	£70,607,000	£81,930,000	£853,000	£623,000
Sur-tax	58,000,000	7,320,000	8,380,000	230,000	290,000
Estate, etc., Duties	89,000,000	54,860,000	59,740,000	1,640,000	2,080,000
Stamps	29,000,000	15,080,000	13,650,000	900,000	710,000
National Defence Contribution	2,000,000	...	5,000	...	3,000
Other Inland Revenue	1,500,000	140,000	340,000	10,000	40,000
Duties					
Total Inland Revenue	467,650,000	148,007,000	164,045,000	3,633,000	3,746,000
Customs and Excise—					
Customs	219,850,000	140,685,000	148,477,000	4,313,000	4,617,000
Excise	113,150,000	73,713,000	76,925,000	1,213,000	1,225,000
Total Customs and Excise	333,000,000	214,398,000	225,402,000	5,526,000	5,842,000
Motor Vehicle Duties	34,000,000	11,071,000	11,252,000	£1,000,000	Dr 750,000
Post Office (Net Receipt)	11,800,000	10,850,000	10,530,000	24,659	24,659
Post Office Fund	1,350,000	1,020,000	990,000	110,000	90,000
Crown Lands	4,800,000	3,433,794	4,055,480	285,938	421,876
Receipts from Sundry Loans	11,000,000	14,327,643	9,895,325	305,596	1,186,685
Miscellaneous Receipts					
Total Ordinary Revenue	863,100,000	403,107,437	426,194,464	9,060,534	10,536,561
SELF-BALANCING REVENUE					
Post Office (Revenue required to meet expenditure on Post Office and Broadcasting)....	75,198,000	43,800,000	46,770,000	2,300,000	2,300,000
Total	...	446,907,437	472,964,464	11,360,534	12,836,561

EXPENDITURE	Issues out of the Exchequer to meet payments				
	Estimate for the year 1937-38	April 1, 1936, to Nov. 28, 1936	April 1, 1937, to Nov. 27, 1937	Week ended Nov. 28, 1936	Week ended Nov. 27, 1937
ORDINARY EXPENDITURE					
Interest and Management of National Debt	224,000,000	143,584,901	146,509,743	324,915	370,716
Payments to Northern Ireland	8,000,000	4,175,317	4,634,450	248,464	360,786
Exchequer	3,200,000	1,477,737	1,981,063	25,016	12,502
Other Consolidated Fund Services	300,000	420,529	...	...	...
Post Office Fund	235,500,000	149,658,484	153,125,256	598,395	744,004
Total	862,848,000	501,341,663	547,900,803	9,817,395	10,200,554
Total Ordinary Expenditure	862,848,000	501,341,663	547,900,803	9,817,395	10,200,554
SELF-BALANCING EXPENDITURE					
Post Office Vote and Vote for Broadcasting	75,198,000	43,800,000	46,770,000	2,300,000	2,300,000
Total	...	545,141,663	594,670,803	12,117,395	12,500,554

† Including margin for Civil Supplementary Estimates but excluding £80,000,000 estimated to be met from borrowed moneys under the Defence Loans Act, 1937.
‡ Motor Vehicle Duties apportioned to Road Fund treated as Self-Balancing in 1936-37 now added to Revenue and Expenditure figures for purposes of comparison.

The aggregate issues and receipts from April 1, 1937, to November 27, 1937, are shown below:—
(000's omitted)

Ordinary Expenditure	547,901	Ordinary Revenue	426,195
Issue to Exchange Equalisation Fund (July, 1937)	200,000	Decrease in balances	139
		Gross borrowing	£927,542
		Less: New Sinking Fund	5,966
		Old S. Fund, 1907-08	9
		Net borrowing	321,567
			747,901

POSITION OF THE FLOATING DEBT

Ways & Means Advances Outstanding:	Nov. 28, '36	Mar. 31, '37	Nov. 27, '37	Nov. 27, '37
Advances by Bank of England	£	£	£	£
Advances by Public Departments	25,350,000	23,535,000	36,280,000	+ 2,400,000
Treasury Bills outstanding	827,950,000	674,595,000	899,365,000*	- 2,830,000
Total Floating Debt	853,300,000	698,130,000	935,645,000	- 430,000

* Includes £3,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £50,000,000 Treasury Bills were opened on November 26, 1937. The amount applied for was £62,315,000. Tenders were accepted for Treasury Bills at three months dated Monday at £99 16s. 3d. and above, in full; Tuesday to Saturday at £99 16s. 3d. about 79 per cent. and above, in full. The average rate per cent. was 15s. 0-22d.

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 4, 1935	30,000,000	49,560,000	27,500,000	0 6 1-64
July 5, 1935	40,000,000	60,905,000	40,000,000	0 12 4-32
January 8, 1936	35,000,000	68,075,000	35,000,000	0 10 10-72
July 8, 1936	50,000,000	72,750,000	50,000,000	0 12 1-27
January 1, 1937	40,000,000	75,450,000	40,000,000	0 10 10-88
April 2, 1937	45,000,000	72,850,000	42,000,000	0 11 0-45
July 2, 1937	50,000,000	84,285,000	50,000,000	0 10 9-02
October 1, 1937	45,000,000	64,995,000	45,000,000	0 11 1-15
November 18, 1937	50,000,000	62,315,000	50,000,000	0 15 0-22

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended October 23, 1937	558,541	418,906
Week ended October 30, 1937	598,960	449,220
Week ended November 6, 1937	685,548	514,161
Week ended November 13, 1937	609,502	457,126

The OCEAN

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

FOR ALL CLASSES OF INSURANCE

THE BANKERS' GAZETTE

BANK OF ENGLAND

RETURN FOR WEEK ENDED WEDNESDAY,
DECEMBER 1, 1937

ISSUE DEPARTMENT

Notes Issued:—	£	Government Debt	11,015,100
In Circulation	485,676,440	Other Government Securities	208,323,841
In Banking Department	60,730,185	Other Securities	648,882
		Silver Coin	12,177
		Amount of Fiduciary Issue	220,000,000
		Gold Coin and Bullion	546,408,625
	546,408,625		546,408,625

BANKING DEPARTMENT

Proprietors' Capital	14,553,000	Government Securities	78,823,165
Reserve	3,297,698	Other Securities	11,984,958
Public Deposits	11,984,958	Advances	£10,522,202
Other Deposits	£105,672,871	Securities	£20,707,977
Other Accounts	£36,565,503		31,230,179
	142,238,374		60,730,185
			1,290,501
	172,074,030		172,074,030

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

Both Departments	Amount, Dec. 1, 1937	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Notes in circulation	485,676,440	+ 5,302,837	+ 34,089,327
Public deposits	11,984,958	+ 1,423,960	+ 1,423,960
Other deposits	105,672,871	+ 22,074,424	+ 6,553,252
Total outside liabilities	38,565,503	+ 217,936	+ 4,542,939
Capital and res.	639,896,772	+ 4,221,832	+ 37,523,600
	17,850,998	+ 46,004	+ 15,088
Government debt and securities	298,162,106	+ 3,256,480	+ 42,954,215
Discounts and advances	10,522,202	+ 1,920,896	+ 2,059,869
Other securities	21,356,859	+ 748,778	+ 122,460
Silver coin in issue department	12,177	- 184,422	- 184,422
Coin and bullion (bank's reserves)	327,697,126	- 184,422	+ 78,525,840
Reserves of notes and coin in banking department	62,020,886	- 5,466,259	+ 4,436,513
Proportion of reserve to outside liabilities—			
(a) Banking Department only ("proportion")	40-2%	- 3-2%	+ 2-0%
(b) Gold stocks to deposits and notes ("reserve ratio")	51-2%	- 0-4%	+ 9-8%

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1937 Nov. 10	526,407	485,573	30,679	90,909	36,094	Nil	100-00
" 17	546,407	481,108	33,172	86,668	36,141	Nil	100-00
" 24	546,407	480,374	35,358	83,598	36,348	Nil	100-00
Dec. 1	546,407	485,676	11,985	105,673	36,566	Nil	100-00

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio	Govt. Securities	Discounts & Advances		
1937 Nov. 10	190,153	838	327,935	50 1/2	103,908	8,413	42,362
" 17	219,152	838	327,932	51 1/2	76,813	9,020	66,845
" 24	218,752	1,236	327,932	51 1/2	76,153	8,601	67,487
Dec. 1	219,339	649	327,697	51 1/2	76,823	10,522	62,021

BANKERS' CLEARING RETURNS

LONDON (000's omitted)

	Town	Metropolitan	Country	Total
January 1 to November 17, 1937	£32,663,425	£1,910,948	£3,371,090	£37,945,463
Week ended November 24	641,740	38,477	67,285	747,502
Week ended December 1	666,950	39,280	64,867	771,097
Total to date, 1937	33,972,115	1,988,705	3,503,242	39,464,062
Total to date, 1936	31,505,270	1,851,505	3,213,579	36,570,354
Increase or decrease in 1937	+ 2,466,845	+ 137,200	+ 289,663	+ 2,893,708
	+ 7-8%	+ 7-4%	+ 9-0%	+ 7-9%
Total for year 1936	35,039,356	2,039,620	3,537,598	40,616,574
Total for year 1935	32,443,578	1,887,112	3,229,064	37,559,751
Increase or decrease in 1936	+ 2,595,778	+ 152,508	+ 308,534	+ 3,056,822
	+ 8-0%	+ 8-1%	+ 9-6%	+ 8-2%

PROVINCIAL (000's omitted)

Week ended November 27	Month of November (Dublin excluded)				Aggregate Totals, January 1 to November 27	
	1936	1937	1936	1937	1936	1937
No. of working days:	25	26	25	26		
BIRMINGHAM	3,196	2,396	13,757	10,871	124,602	122,466
BRADFORD	1,464	1,100	4,646	3,622	46,275	47,837
BRISTOL	1,385	1,318	5,796	5,850	60,606	60,988
DUBLIN	5,814	5,159	791	3,500	268,045	274,120
HULL	916	920	3,970	3,745	38,793	43,036
LEEDS	660	630	3,322	3,118	43,911	47,209
LEICESTER	612	570	3,077	2,718	34,591	35,481
LIVERPOOL	6,152	5,472	30,877	27,318	482,701	517,527
MANCHESTER	10,250	9,460	47,438	46,294	70,466	70,466
NEWCASTLE	1,334	1,499	6,126	6,603	23,948	24,163
NOTTINGHAM	438	357	2,188	2,121	47,203	51,268
SHEFFIELD	807	810	4,362	4,709	1,527,979	1,620,000
	33,242	29,912	125,932	118,132		

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Bank of Turkey appeared in *The Economist* for June 26, 1937. Denmark, International Settlements and Portugal in November 13. Estonia, Greece, Federal Reserve Reporting Members, New Zealand, Jugo Slavia and Czechoslovakia in November 20. Canada, Danzig, Egypt, Java, Lithuania and Norway in November 27.

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

12 U.S.F.R. BANKS	Dec. 3, 1936	Nov. 12, 1937	Nov. 18, 1937	Nov. 26, 1937	Dec. 2, 1937
Resources					
Gold Certificates on hand and due from the Treasury	8,811,020	9,124,890	9,123,900	9,122,400	9,121,900
Total cash reserves	9,068,780	9,440,280	9,458,410	9,451,520	9,453,960
Total bills discounted	246,360	306,010	325,220	319,180	322,260
Industrial advances	6,340	20,980	18,700	15,860	17,030
Other advances	3,090	2,830	2,830	2,830	2,830
Total bills on hand	9,430	23,810	21,530	18,690	19,660
Industrial advances	25,700	19,330	19,260	18,590	18,460
Total U.S. Govt. securities	2,430,230	2,536,590	2,554,710	2,564,010	2,564,010
Total bills and securities	2,465,350	2,579,730	2,595,540	2,601,290	2,602,340
Total resources	12,301,470	12,771,540	12,902,660	12,757,800	12,841,930
LIABILITIES					
Federal Reserve notes in actual circulation	4,202,800	4,277,420	4,249,620	4,264,830	4,279,490
Aggregate of excess member bank reserves over requirements	2,210,000	1,070,000	1,100,000	1,140,000	1,120,000
Deposits—Member bank—reserve account	6,775,240	6,879,400	6,922,400	6,948,930	6,906,470
Government deposits	108,630	139,240	135,160	113,300	176,640
Total deposits	7,086,590	7,018,640	7,057,560	7,062,230	7,083,110
Capital paid in and surplus	306,010	306,010	306,010	306,010	306,010
Ratio of total reserves to deposit and F.R. note liabilities combined	80-3%	80-1%	80-1%	80-0%	80-0%
U.S.F.R. BANKS AND TREASURY COMBINED					
Resources					
Monetary Gold Stock	11,188,000	12,789,000	12,789,000	12,774,000	12,774,000
Treasury and National Bank Currency	2,522,000	2,611,000	2,611,000	2,619,000	2,621,000
Money in circulation	6,466,000	6,564,000	6,534,000	6,554,000	6,568,000
Treasury Cash and Deposits with F.R. Banks	2,463,000	3,787,000	3,788,000	3,739,000	3,804,000
LIABILITIES					
Total gold reserves	3,453,500	3,655,580	3,645,740	3,638,730	3,630,730
Total bills discounted	4,650	1,010	1,010	1,010	1,010
Bills bought in open market	1,100	736,100	739,700	739,700	739,700
Total U.S. Govt. securities	657,290	748,060	748,060	748,060	748,060
Total bills and securities	2,997,780	3,041,730	3,055,710	3,018,690	3,018,690
Deposits—Member bank—reserve account	85-5%	84-8%	84-7%	84-7%	84-7%
Ratio of total res. to dep. and Federal Res. note liabilities combined					

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted)

	Dec. 3, 1936	Nov. 18, 1937	Nov. 26, 1937	Dec. 2, 1937
Total gold reserves	3,453,500	3,655,580	3,645,740	3,638,730
Total bills discounted	4,650	6,310	3,690	3,580
Bills bought in open market	1,100	1,010	1,000	1,010
Total U.S. Govt. securities	645,240	736,100	739,700	739,700
Total bills and securities	657,290	748,060	749,060	748,890
Deposits—Member-bank—reserve account	2,997,780	3,041,730	3,055,710	3,018,690
Ratio of total res. to dep. and Federal Res. note liabilities combined	85.5%	84.8%	84.7%	84.7%

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

Assets	Nov. 23, 1936	Oct. 31, 1937	Nov. 7, 1937	Nov. 15, 1937	Nov. 23, 1937
Metal reserve—					
Gold coin and bullion	78,936	84,056	84,056	84,056	84,056
Foreign Exchange	36,596	54,859	55,208	54,675	55,306
Token money	8,154	4,204	4,999	6,714	8,419
Inland bills, warrants and securities	470,966	425,229	400,257	392,142	393,253
Advances to Treasury	94,924	113,538	114,436	114,436	114,436
LIABILITIES					
Notes in circulation	343,248	468,476	428,484	399,094	369,135
Current accounts, deposits, etc.	213,651	209,831	209,580	231,287	267,947
Cash certificates	92,901	89,233	89,233	89,233	89,233
Other liabilities	168,577	171,781	171,430	171,145	172,922

CENTRAL BANK OF ARGENTINA

In paper pesos (000,000's omitted)

Assets	Oct. 31, 1936	Aug. 31, 1937	Sept. 15, 1937	Sept. 30, 1937	Oct. 15, 1937	Oct. 31, 1937
Gold at home	1,224	1,224	1,224	1,224	1,224	1,314
Gold abroad and foreign exchange	145	273	263	226	196	147
Non-interest-bearing Government Bonds	119	119	119	119	119	119
Treasury Bonds	399	398	398	398	398	398
LIABILITIES						
Notes	1,015	1,146	1,125	1,114	1,119	1,119
Government deposits	174	124	99	101	98	115
Bank deposits	373	394	402	401	412	403
Certificates against Treasury Bonds	325	366	373	373	357	357
Ratio of gold and foreign exchange to note and sight liabilities	87.3%	89.6%	91.0%	91.2%	90.4%	88.8%

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

Assets	Nov. 14, 1936	Oct. 23, 1937	Oct. 30, 1937	Nov. 6, 1937	Nov. 13, 1937
Gold and gold exchange	16,048,417	16,225,106	16,258,017	16,299,323	16,299,883
Clearing and other foreign exchange	2,762,929	3,182,932	3,239,167	3,052,286	2,761,342
Commercial bills	6,574,090	6,273,212	6,260,573	6,238,198	6,172,805
Agricultural and urban advances	2,438,597	2,027,227	2,026,740	2,024,522	2,021,866
Treasury bills issued against losses on credit	5,762,918	6,493,627	6,496,498	6,511,897	5,071,262
State debt and advances to Treasury	3,633,095	5,618,628	5,618,628	5,618,628	5,618,628
LIABILITIES					
Notes in circulation	24,843,557	27,778,543	27,896,228	28,008,824	28,172,351
Bank notes in circulation	10,836,282	12,295,500	12,233,683	12,197,164	12,033,949
Other sight liabilities	4,715,501	3,931,951	3,575,512	3,717,794	3,274,861
Long-term liabilities					

† Hitherto this item has represented the amount provided (less payments) for the entire duration of the law of April 1934. Deduction has now been made of the sums not yet payable to the co-operative scheme, and among the liabilities the same amount has been deducted from sundry accounts.

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

Assets	Nov. 15, 1936	Oct. 15, 1937	Oct. 23, 1937	Oct. 31, 1937	Nov. 15, 1937
Gold holdings	1,618,134	1,870,538	1,870,538	1,870,538	1,899,669
Balances abroad and foreign currencies	654,163	549,427	541,114	587,323	696,732
Discounts and advances	1,708,271	1,598,898	1,583,527	1,569,793	1,471,943
Advances to the Treasury	2,671,279	3,522,998	3,522,998	3,522,998	3,522,998
LIABILITIES					
Reserves	1,242,428	1,204,669	1,203,684	1,202,490	1,201,406
Bank notes in circulation	2,589,763	3,004,494	2,942,559	2,968,410	2,815,104
Sight liabilities	2,393,888	3,037,494	3,112,049	3,113,078	3,362,155
Deposits	119,154	103,050	102,901	102,861	101,289

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

Assets	Nov. 20, 1936	Oct. 20, 1937	Oct. 31, 1937	Nov. 10, 1937	Nov. 20, 1937
Gold	375,709	432,123	432,803	433,232	433,650
Foreign exch. and balances	23,240	35,151	36,023	36,377	35,560
Bills discounted	671,767	547,347	562,573	542,918	543,524
Loans against securities	116,434	24,409	26,093	24,153	23,917
Treasury bonds discounted	13,737	42,985	46,454	47,821	49,927
Securities	194,780	135,864	135,767	135,696	135,570
LIABILITIES					
Notes in circulation	985,812	1,003,217	1,093,842	1,028,557	991,077
Sight liabilities	252,184	298,210	215,236	273,364	333,220

BANK OF FINLAND.—In F. Marks (000's omitted)

Assets	Nov. 23, 1936	Oct. 30, 1937	Nov. 8, 1937	Nov. 15, 1937	Nov. 22, 1937
Gold reserve	603,295	602,717	602,708	602,700	602,734
Gold abroad not included in the gold reserve	111,418	31,978	31,978	31,978	31,978
Foreign correspondents	1,281,574	2,029,024	2,057,133	2,056,849	2,033,946
Foreign bills, bank notes, and coupons	84,459	77,553	72,934	68,361	67,200
Inland bills and other home loans	918,109	1,015,672	1,007,915	1,008,278	1,012,501
Finland and Foreign bonds	436,662	504,153	504,151	496,856	495,327
LIABILITIES					
Notes in circulation	1,486,098	2,019,582	1,983,710	1,968,734	1,907,930
Government deposits at sight	302,421	88,766	81,007	84,589	85,926
Other deposits at sight	559,170	841,564	1,008,541	1,002,793	1,044,558
Ratio of ordinary cover to liabilities at sight	78.02	80.87	79.63	79.94	80.22

BANK OF LATVIA.—In lats (000's omitted)

Assets	Nov. 23, 1936	Oct. 25, 1937	Nov. 1, 1937	Nov. 8, 1937	Nov. 15, 1937	Nov. 22, 1937
Gold coin and bullion	76,840	77,482	77,484	77,485	77,486	77,487
Silver coin	15,722	13,944	13,801	13,793	13,810	13,689
Foreign currency	23,075	45,382	46,524	46,717	46,685	46,476
Treas. notes and small change	8,718	7,681	7,460	7,827	7,865	7,102
Short-term bills	50,571	49,531	50,145	48,954	48,610	48,304
Loans against securities	66,135	81,845	82,236	82,870	82,833	83,833
LIABILITIES						
Notes in circulation	40,459	57,280	58,697	57,780	58,623	61,793
Government deposits at sight	19,127	21,501	21,549	21,524	21,536	21,560
Current accounts	118,601	125,101	124,354	120,894	118,605	117,920
Government accounts	57,086	58,856	59,611	62,942	63,602	63,502

BANK OF JAPAN.—In yen (000's omitted)

Assets	Nov. 7, 1936	Oct. 16, 1937	Oct. 23, 1937	Oct. 30, 1937	Nov. 6, 1937
Gold coin and bullion	540,742	801,001	801,001	801,001	801,001
Other coin and bullion	80,676	55,659	57,237	59,677	59,774
Discounts	579,575	559,717	561,570	634,026	632,492
Advances	205,894	29,837	29,934	30,426	30,170
Advances on foreign bills	128,121	76,598	121,228	172,438	148,887
Government bonds	455,349	691,348	657,878	664,227	641,750
Agencies accounts	72,982	88,901	105,607	85,512	111,031
LIABILITIES					
Notes issued	1,310,896	1,559,489	1,623,661	1,786,848	1,676,734
Government deposits	283,963	404,635	394,491	335,366	416,871
Other deposits	125,196	66,898	62,570	77,532	65,425

MONEY AND EXCHANGE RATES

LONDON MONEY RATES

	Nov. 25, 1937	Nov. 26, 1937	Nov. 27, 1937	Nov. 29, 1937	Nov. 30, 1937	Dec. 1, 1937	Dec. 2, 1937
Bank rate (changed from 2½ June 30, 1932)	2	2	2	2	2	2	2
Market rates of discount—							
60 days' bankers' drafts	1½	1½	1½	1½	1½	1½	1½
3 months' do.	1½	1½	1½	1½	1½	1½	1½
4 months' do.	1½	1½	1½	1½	1½	1½	1½
6 months' do.	1½	1½	1½	1½	1½	1½	1½
Discount Treasury Bills—							
2 months'	1½	1½	1½	1½	1½	1½	1½
3 months'	1½	1½	1½	1½	1½	1½	1½
Loans—Day-to-day	1½	1½	1½	1½	1½	1½	1½
Short	1½	1½	1½	1½	1½	1½	1½
Deposit allowances: Bank							
Discount houses at call	1½	1½	1½	1½	1½	1½	1½
At notice	1½	1½	1½	1½	1½	1½	1½

Comparison with previous weeks

		Short Loans	Bank Bills			Trade Bills		
			3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
1937	%	%	%	%	%	%	%	
Nov. 4	+1	11-11	11-11	11-11	2-2	21-21	21-23	
" 11	+1	11-11	11-11	11-11	2-2	21-21	21-23	
" 18	+1	11-11	11-11	11-11	2-2	21-21	21-23	
" 25	+1	11-11	11-11	11-11	2-2	21-21	21-23	
Dec. 2	+1	11-11	11-11	11-11	2-2	21-21	21-23	

LONDON RATES OF EXCHANGE

I.—Spot Rates

(Range of the day's business)

London on	Par of Exch. per £	Nov. 26, 1937	Nov. 27, 1937	Nov. 29, 1937	Nov. 30, 1937	Dec. 1, 1937	Dec. 2, 1937
New York, \$	14.88	4.99-99	4.99-99	4.99-99	4.99-99	4.98-99	4.98-99
Montreal, \$	4.86	4.98-99	4.98-99	4.98-99	4.98-99	4.98-99	4.98-99
Paris, Fr.	124.21	147-14	147-14	147-14	147-14	147-14	147-14
Brussels, Bel.	35.00(a)	29-35-38	29-35-38	29-35-38	29-35-38	29-35-38	29-35-38
Milan, L.	92.46	94-95	94-95	94-95	94-95	94-95	94-95
Zurich, Fr.	25.22	21-59-61	21-59-61	21-59-61	21-59-61	21-59-61	21-59-61
Athens, Dr.	375	540-555	540-555	540-555	540-555	540-555	540-555
He's'ors, M.	193.23	225-226	225-226	225-226	225-226	225-226	225-226
Madrid, Pt.	25.22	60-100(1)	60-100(1)	60-100(1)	60-100(1)	60-100(1)	60-100(1)
Lisbon, Esc.	110	110-110	110-110	110-110	110-110	110-110	110-110
Amst'd'm, Fl.	12-107	8-98-99	8-98-99	8-98-99	8-98-99	8-98-99	8-98-99
Berlin, Mk.	20.43	12-36-39	12-36-39	12-36-39	12-36-39	12-36-39	12-36-39
Marked	(c)	451-50	451-50	451-50	451-50	451-50	451-50
Vienna, Sch.	34.58	25-27	25-27	25-27	25-27	25-27	25-27
Bu'pest, Pen.	27.82	24-25	24-25	24-25	24-25	24-25	24-25
Prague, Kr.	15.60	141-142	141-142	141-142	141-142	141-142	141-142
Danzig, Gul.	25.00	26-1	26-1	26-1	26-1	26-1	26-1
Warsaw, Z.	48.38	24-25	24-25	24-25	24-25	24-25	24-25
Riga, Lat.	813.8	665-690	665-690	665-690	665-690	665-690	665-690
Buchar'st, Lei	110	619*	619*	619*	619*	619*	619*
Const'ple, Pst	276.32	211-221	211-221	211-221	211-221	211-221	211-221
Belgrade, Din.	48.66	29-30	29-30	29-30	29-30	29-30	29-30
Kovno, Lit.	673.66	390-420	390-420	390-420	390-420	390-420	390-420
Sofia, Lev.	18-159	17-18	17-18	17-18	17-18	17-18	17-18
Tallinn, E. Kr.	18-159	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45
Oso, Kr.	18-159	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45
St'holm, Kr.	18-159	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45
Cop'h'gen, Kr.	18-159	22-35-45	22-35-45	22-35-45	22-35-45	22-35-45	22-35-45
Alex'ndria, Pst.	97	18-19	18-19	18-19	18-19	18-19	18-19
Br. India Rup.	18d.	18-19	18-19	18-19	18-19	18-19	18-19
Hong Kong, \$	14-15	14-15	14-15	14-15	14-15	14-15	14-15
Kobe, Yen.	124.58d.	13-14	13-14	13-14	13-14	13-14	13-14
Shanghai, \$	23d.	13-14	13-14	13-14	13-14	13-14	13-14
Singapore, \$	12-11	8-9-10	8-9-10	8-9-10	8-9-10	8-9-10	8-9-10
Batavia, F.	15-89d.	2-3	2-3	2-3	2-3	2-3	2-3
Rio, Mil.	15-89d.	16-97	16-97	16-97	16-97	16-97	16-97
B. Aires, \$...	11.45	17-09	17-09	17-09	17-09	17-09	17-09
Valparaiso, \$	40	124(1)	124(1)	124(1)	124(1)	124(1)	124(1)
M'video, \$...	51d.	24-25	24-25	24-25	24-25	24-25	24-25
Lima, Sol.	17.38	39-40	39-40	39-40	39-40	39-40	39-40
Mexico, Pes.	9.76	17-18	17-18	17-18	17-18	17-18	17-18
Manila, Pes.	124.68	23-24	23-24	23-24	23-24	23-24	23-24
Moscow, Rbls.	...	26-47	26-47	26-47	26-47	26-47	26-47
B'ngkok, Bahr	121-82d.	22-22	22-22	22-22	22-22	22-22	22-22

AVON INDIA RUBBER.—Ordinary dividend 7 per cent.—the first distributed since 8 per cent. paid for 1932-33.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Deben- ture Interest	Amount Available for Distribution	Appropriation					Balance Forward	Corresponding Period Last Year	
					Dividend			Carried to Reserve, Deprecia- tion, etc.	Net Profit		Divi- dend	
					Prefce.	Ordinary						
					Amount	Amount	Rate					
Banks												
Bank of London and South America	Sept. 30	168,925	402,075	571,000	...	202,000	5		200,000	168,700	252,851	3
Barclays Bank (D. C. and O.)	Sept. 30	128,903	431,209	560,112	107,580	143,212	6		175,000	134,320	401,192	5½
British Overseas Bank	Oct. 31	69,147	52,454	121,601	...	...	...		50,000	71,601	62,377	6
Commercial of Scotland ...	Nov. 1	65,230	395,664	460,894	...	210,000	A16 B10		145,000	68,394	399,733	A16 B10
Breweries												
Benskin's Watford Brewery	Sept. 30	154,778	266,100	420,878	19,500	182,400	20		55,000	163,978	258,692	20
Birkenhead Brewery	Sept. 30	18,364	68,907	87,271	...	37,709	11		32,500	17,062	59,715	10
Brickwood and Company ...	Sept. 30	68,140	184,119	252,259	21,000	91,667	15		64,494	75,098	170,393	14
Cheitenham Original	Sept. 30	34,220	91,866	126,086	26,242	31,500	14		32,619	35,725	89,252	14
Deuchar (Robert)	Sept. 30	21,513	71,306	92,819	13,750	15,000	20†		40,434	23,635	60,082	20†
Dublin Distillers Company..	June 30	Dr. 37,781	9,423	Dr. 28,358	...	...	...		...	Dr. 28,358	Dr. 12,990	Nil
Everards Brewery	Sept. 30	...	66,639	66,639	20,000	...	...		31,684	14,955	(a)	(a)
Green (J. W.)	Sept. 30	36,689	87,898	124,587	26,620	43,998	19		16,500	37,469	81,267	17½
Phipps (P.) and Company ...	Sept. 30	78,524	161,866	240,390	8,750	108,615	15†		45,000	78,025	158,015	15†
Walker (Peter) and Son ...	Sept. 30	221,756	520,136	741,892	125,000	320,000	21½		75,000	221,892	459,871	18
Warwicks and Richardson...	Sept. 30	28,159	81,261	109,420	15,000	45,000	15		20,000	29,420	72,492	13
Wolverhampton and Dudley	Sept. 30	131,281	259,051	390,332	5,250	160,000	16		80,000	145,082	250,135	15
Yates's Castle Brewery ...	Sept. 30	15,003	41,185	56,188	...	26,250	17½		6,000	16,438	36,466	15
Younger (Robert)	Sept. 30	19,922	20,304	40,226	5,000	12,000	15†		3,000	20,226	19,737	15†
Financial, Land, etc.												
Mercantile Credit Company	Sept. 30	32,533	50,843	83,376	5,897	24,794	15		20,000	32,685	42,128	12½
Tobacco Securities Trust ...	Oct. 31	148,484	575,884	724,368	...	540,666	16		...	149,909	537,832	15 Nil(d)
Whiteley, Stevens (Holdings)	Aug. 31	2,391	12,179	14,570	4,977	33,793	4-5714(d)		3,913	1,555	5,603	2½
Hotels and Restaurants												
Callard, Stewart and Watt...	Oct. 2	16,897	12,316	29,213	15,750	...	...		...	13,463	12,157	Nil
Iron, Coal and Steel												
Atlas Steel Foundry	Sept. 30	1,920	33,347	35,267	...	11,250	30		21,300	2,717	22,386	15
Dorman, Long and Company	Sept. 30	142,967	1,013,455	1,156,422	238,803	92,374	18(c)		515,000	152,130	877,710	14(c)
Dunswart Iron and Steel ...	June 30	15,027	35,014	50,041	3,421	158,115	10		...	...	...	...
Mitchell, Shackleton and Co.	Sept. 30	4,017	31,062	35,079	...	24,500	14		5,000	17,120	(a)	6
Spencer (Walter) and Co...	Sept. 30	...	17,584	17,584	...	19,800	11		...	15,279	(n) 12,117	(n) 4½
Motor Cycle and Aviation												
Associated Equipment	Sept. 30	255,000	441,868	696,868	...	112,500	7½†		324,368	260,000	337,646	7½†
Dennis Brothers	Sept. 30	123,796	98,175	221,971	...	87,644	116½		1,000	133,327	134,187	166½
H. M. Hobson, etc.	Sept. 30	4,195	67,856	72,051	...	30,750	17½		23,402	17,899	(v) 23,770	(v) 15
Oil												
Kern River of California ...	May 31	16,061	36,688	52,749	...	35,156	7½		...	17,593	33,591	5
Rubber												
Aboyne-Clyde	June 30	Dr. 13,018	4,239	Dr. 8,779	...	...	...		...	Dr. 8,779	Dr. 2,108	Nil
Kapala	Sept. 30	2,621	36,442	39,063	11,730	16,575	10		4,000	6,758	21,115	2
Kuala Lumpur	June 30	13,467	40,493	53,960	...	25,000	6½†		18,000	10,960	19,380	3½†
Lumut	Sept. 30	26,429	22,061	48,490	...	15,861	10		5,500	27,129	13,130	7½
Sembilan	July 31	1,412	22,241	23,653	...	16,940	12½		3,998	2,715	14,577	8
Senayan	Sept. 30	15,849	36,661	52,510	...	28,022	10		7,000	17,488	22,683	7½
Sungei Kari	June 30	...	4,655	4,655	...	2,925	7½		...	1,730	445	Nil
Shipping												
British-India Steam	Sept. 30	49,841	193,016	242,857	145,000	47,860	5		...	49,997	172,035	2½
Peninsular and Oriental ...	Sept. 30	152,093	1,361,808	1,513,901	152,000	183,701	4		1,035,000	143,200	1,213,910	4
Shops and Stores												
C.T.C. Bazaars (South Africa)	June 30	10,785	26,804	118,562	14,250	...	...		...	104,312	37,440	10
Harrods (Buenos Aires)	Aug. 31	...	80,973	282,725	211,500	30,114	1½		41,111	...	139,124	Nil
Jones (A.), etc., Bootmakers	Sept. 30	840	5,853	6,693	4,062	1,250	5		500	881	6,501	6
South American Stores	Aug. 31	...	188,504	188,504	118,420	...	...		69,084	...	122,892	Nil
Trusts												
Dundee and London.....	Oct. 31	14,608	23,100	37,708	11,625	5,425	3½		6,676	13,982	18,769	3
Kelvin Investment Trust ...	Sept. 30	553	3,977	4,530	...	2,651	2½		...	1,879	2,909	(w) 3½
Second Anglo-Celtic	Nov. 1	10,634	19,259	29,893	11,484	3,802	2½		...	14,607	15,405	1½
Stockholders Investment ...	Oct. 31	16,864	39,850	56,714	39,657	...	...		4,000	13,057	23,313	Nil
Other Companies												
British Electric Transformer	Sept. 30	1,683	79,599	81,282	9,531	70,000	70†		...	1,751	52,106	42½†
British Tyre and Rubber ...	Sept. 30	36,076	135,186	171,262	17,016	67,500	10		...	49,134	123,177	10
Broom and Wade	Sept. 30	9,272	49,982	59,254	6,900	30,445	22½		37,612	21,909	35,323	20
Crittall Manufacturing	Aug. 31	13,204	249,745	262,949	76,250	62,500	25		100,000	24,199	223,732	20
Crompton Parkinson	Sept. 30	79,232	403,864	483,096	43,658	73,008	12½		295,884	70,546	353,858	12½
Gascoignes (Reading)	Oct. 31	...	12,569	12,569	...	2,813	7½		5,383	4,373	(a)	(a)
Gilbert (D. M.) and Co...	Sept. 30	...	10,271	10,271	...	7,500	7½		...	2,771	(a)	(a)
Maratti Knitting Machines	Sept. 30	Dr. 729	(m) 5,236	4,507	2,093	1,396	4-652		...	1,018	Dr. 1,446	Nil
Power Gas Corporation ...	Sept. 30	13,045	31,356	44,401	...	24,000	8		...	6,270	14,131	6
Premier Metal of S. A. ...	June 30	...	10,922	10,922	...	...	...		...	10,922	(a)	(a)
Tate and Lyle.....	Sept. 30	58,874	1,227,553	1,286,427	71,500	868,700	18½		300,000	46,227	1,226,840	18½

† Free of income tax.
(v) July 1, 1935, to September 30, 1936.

(m) 15 months.
(w) Absorbed £2,210.

(n) Nine months.

(t) Premium on share issue.

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

WITH sentiment on the Stock Exchanges showing a marked improvement, the majority of the commodity markets have also exhibited greater strength this week. While it would be premature to argue that the tide has definitely turned, prices in many instances have been firmer than for some time past.

There has been no dearth of news this week, three commodities having been affected by quota decisions. At its meeting on Tuesday, the International Rubber Regulation Committee decided to cut the permissible export quota for the first quarter of 1938 from the present level of 90 per cent. to 70 per cent. of standard. The decision, which was more drastic than the market had anticipated, will involve a reduction of some 18,500 tons monthly compared with the current rate of export. Prices were consequently marked up.

The International Tea Committee, on the other hand, decided this week to raise the export quotas by 5 points to 92½ per cent. of standard for the twelve months commencing April 1st next. This increase was in excess of market expectations and, although it will not be reflected in available supplies for many months, prices eased at this week's auctions. Copper was also affected by a quota decision this week, for the output of the restricting companies was reduced to 105 per cent. of the standard tonnages as from December 1st. Metal prices were generally higher, mainly in consequence of the improvement in sentiment in the United States. Cotton was about unchanged, but wool was reduced in price.

Among foodstuffs, wheat was easier owing to bearish crop news and a dull demand, while other grains were about unaltered. Sugar scored a recovery after its recent fall, and

BRITAIN'S OVERSEAS TRADE

(See Note of the Week on page 468).

(In First Nine Months of each Year)

TRADE WITH NON-EUROPEAN COUNTRIES.

From or to	IMPORTS				BRITISH EXPORTS			
	1929	1933	1936	1937	1929	1933	1936	1937
Turkey	1,472	473	619	906	2,501	1,104	728	887
Egypt	16,789	7,798	8,259	10,093	9,293	4,636	5,765	5,507
Iraq	1,062	245	1,687	2,871	1,861	1,442	1,455	1,960
Iran	6,314	5,914	6,031	8,656	1,559	648	1,752	2,167
China	8,805	3,851	5,770	6,489	11,058	4,913	4,193	5,292
Japan	6,220	4,903	7,344	8,616	10,005	3,422	2,687	3,790
Dependencies			7	26	129	135	101	60
U.S.A.	138,976	52,241	62,691	73,470	33,742	13,915	19,204	23,800
Dependencies	1,713	561	1,136	1,353	950	566	507	612
Cuba	6,698	3,186	4,014	3,659	1,655	488	784	973
Mexico	2,071	1,972	2,342	3,018	1,856	1,019	1,044	1,378
Colombia	1,806	812	535	69	2,701	1,735	1,745	2,249
Peru	4,411	3,253	3,146	3,916	1,478	553	894	901
Chile	8,159	2,873	4,014	5,755	6,152	466	1,359	1,362
Brazil	4,820	3,782	7,492	7,128	10,381	4,627	3,374	5,215
Uruguay	4,490	2,408	3,015	3,050	2,639	1,280	1,436	1,673
Bolivia	4,709	1,157	2,583	2,557	447	365	146	165
Argentina	61,790	32,527	31,613	45,704	22,118	9,751	11,565	14,708
Other Non-European Countries	8,338	5,871	5,168	6,057	8,465	4,259	3,503	4,256
Total	288,844	133,827	167,466	195,213	128,990	55,235	62,221	76,995

provisions were firm in price generally. The normal seasonal decline in egg prices has now begun.

In the United States the downward trend of prices was arrested. Thus Moody's daily index (December 31, 1931 = 100) was 146.4 on Wednesday, against 144.6 a week ago, 160.1 a month earlier, and 194.2 on the corresponding day last year.

COAL

SHEFFIELD.—Although there is comparatively little new buying on the export market supplies are well taken up under contract. Competition appears to be increasing. The inland industrial market is strong. Supplies are steady, but with an accumulation of orders at collieries there may be some delay in delivery. Small coal is in keen request, and electricity works are taking full deliveries. All qualities of metallurgical coke are well taken up, and prices are steady. Central-heating coke is rather slow. Further batteries of coke ovens will be put into commission in South Yorkshire early in the New Year. The colder weather has given an impetus to the call for household fuel and gas coal. Increased output of the former is being arranged, and new seams are to be opened. Prices are unchanged.

NEWCASTLE-ON-TYNE.—Whilst a fair amount of business has been done in North East Coal, for delivery over next year, there is now little or no inquiry from abroad, and all reports indicate that buyers prefer to wait in the hope of a fall in prices. This position has no doubt been brought about by the uncertain outlook in Northumberland steam coals, due not so much to loss of export trade as to a decline in domestic business caused by competition from other districts. Prime Northumberland screened steam coal of the D.C.B. class has now been reduced to 20s. per ton f.o.b., with other grades 18s. 6d. to 19s. 6d. per ton f.o.b. The Durham market is steady, home trade being just as active, and there is no indication of any serious fall in prices.

GLASGOW.—The market has maintained its recent improvement, but while prices remain firm, little further progress has been made. This is perhaps because the weather, although more severe, is not yet quite seasonably cold. Moreover, there remain considerable accumulations of fuel at foreign depots to be disposed of before new business can develop on a normally active line. For export, however, contract supplies are being regularly taken up, and in Fife and the Lothians only secondary steam and washed trebles are in need of prompt outlets. The position in Lanarkshire is better because of sporadic labour troubles and the expanding tendency of inland demand, more especially for public utility and household purposes—industrial demand being already active—while in Ayrshire outputs are on the whole being readily absorbed.

CARDIFF.—Comparatively dull conditions have prevailed on the Cardiff coal market during the past week. Shipments are being fairly well maintained; they totalled 422,400 tons last week, compared with 422,900 tons in the previous week, and 366,732 tons in the corresponding week last year; but there is very little new business, and prices for prompt positions are a shade easier. For all classes, however, they are well above the old minimum schedules, and notwithstanding the paucity of orders on the market the commitments of the collieries under contracts are so heavy that applications will probably be made for supplementary allocations for the current quarter. There has been no movement in prices of coal, patent fuel, or pitwood. The joint ascertainment for the three months ended October 31st shows a credit balance of £99,389, compared with a credit balance of £78,298 in the previous three months, and a loss of £1,945 in the corresponding period last year. For the twelve months ended October the credit balance amounts to £590,398, which compares with a debit balance of £85,044 in the twelve months ended October, 1936.

IRON AND STEEL

LONDON.—The weekly report of the London Iron and Steel Exchange indicates that the stabilisation of the prices of most descriptions of iron and steel for a long period ahead has imparted steadiness to the markets. Consumers continue to exert pressure to secure supplies, and the record output of steel is apparently insufficient to satisfy all the requirements of the market, although makers appear to be making some headway in reducing the heavy accumulations of undelivered orders. In most cases the steel works have enough work on hand to keep them busy for several months.

The demand for pig iron remains steady at a high level, and although some consumers of foundry iron have been able to lay in stocks there is little surplus from which to build up reserves after immediate needs are satisfied. Seasonal declines are apparent in the quantities of pig iron taken by some of the consuming industries; but these losses have been balanced by the expanding demand from other branches of the trade. The steel-works are now comfortably situated so far as their supplies of basic iron are concerned.

There are no signs of diminution in the demand for semi-finished steel, and the whole production of the British works supplemented by imports is not sufficient to meet the full requirements of the consuming industries.

In the finished steel department a fair amount of business has been placed recently, and negotiations on contracts for far forward delivery are proceeding. In this department the question of delivery is again becoming more important than that of price now that quotations have been fixed for the whole of 1938.

MIDDLESBROUGH.—The fixing of Cleveland foundry and East Coast hematite prices from January 1, 1938, has facilitated business, and orders are being placed over the first half of next year. From January 1, 1938, the price of No. 3 Cleveland foundry pig iron will be 109s. per ton delivered locally, and the price of East Coast Mixed Numbers hematite pig iron 132s. 6d. per ton delivered locally, both classes now being subject to a rebate of 5s. per ton to loyal consumers.

The demand for semi-finished and finished steel continues very strong, and indications are that producing works will be fully employed over the first half of next year, and orders are understood to have been placed for the second half of 1938. The fixing of prices for finished steel has induced buyers to come forward.

There has been no diminution in the demand for heavy steel melting scrap, and, whilst the official prices are maintained to the end of this year, it is understood that a meeting will shortly be held to fix prices for next year. The foreign ore position is unchanged. Lower freights have had the effect of increasing shipments, the total quantity of foreign ore arriving in the Tees during November being 271,348 tons, compared with 173,912 tons during October. Good Durham blast-furnace coke is still quoted at 42s. per ton delivered at the furnaces here.

SHEFFIELD.—The fact that the majority of iron and steel prices have now been stabilised over the next six to twelve months has given the market a much steadier appearance. The somewhat hectic conditions which have operated for so long are rapidly disappearing, a more regular state of trading being observable. So far as consumers of forge and foundry

iron are concerned, many of them have already placed contracts for the first quarter of next year, and are ready to do so for six months ahead. Forge business is more readily accepted than for foundry, supplies of which continue to be on the short side. Arrears of delivery under contract are being slowly overtaken, but little or nothing is going into stock at furnaces, foundry iron will stand as at present until June next, but forge will be increased by two shillings per ton on January 1st. There is also to be an increase in hematite prices of 10s. per ton, to operate throughout 1938. A full demand exists for this material, and good contracts are being booked, although makers of West Coast are not showing any eagerness to add much to their commitments. Business in heavy basic steel billets continues at a high level, makers being offered many more orders than they can handle. Stainless steel sheets continue to be a very big feature, and demand for wire rods and strip taxes the capacity of producers.

The national defence programme is bringing much important work into this district, but big efforts are being made to prevent any interruption in dealing with ordinary commercial orders, which are being received in increasing volume, both from home and overseas sources.

GLASGOW.—During the present week a substantial amount of new business has been placed with local steelmakers. Inquiries are also numerous. Practically all classes of material are in demand, both for home and overseas deliveries. The improvement as regards supplies of semis but, until supplies are sufficient to enable makers to put a much greater of them being able to give deliveries to meet all requirements. Re-rollers of bar iron are somewhat quieter, but there is a steady demand for re-rolled steel bars.

CARDIFF.—Slightly easier conditions are ruling in the tinplate industry. Manufacturers continue to realise from 1s. 6d. to 2s. per box in excess of the minimum price, but demand is not so active as it has been, and production has declined to about 74 per cent. of allotted capacity. For sheets, however, the position shows little change, with inland requirements still active. The steel works have been affected by the slight recession in tinplates, but pig iron is a good market at the fixed prices. Shipments of tinplates at Swansea last week dropped to 4,766 tons—the smallest for any normal working week this year—compared with 8,408 tons the previous week, and 5,217 tons a year ago. Stocks have consequently jumped from 3,885 tons to 7,386 tons.

OTHER METALS

COPPER.—This has been the most satisfactory week for copper for several months, the standard cash quotation having risen by 2 1/2 6s. 3d. to 40 2s. 6d. per ton. Turnovers on the London Metal Exchange have risen, particularly in the last three days, and consumers have purchased on a fair scale. The improvement as a whole, however, was mainly based on the better trend of Wall Street, so that its maintenance does not appear national copper scheme came into operation again on Wednesday. The inter-quota is now 105 per cent.—the same as that in force between the beginning of November, 1936, and the time when restriction was removed in January 1937. The new quota will probably reduce the extra United States output by 15 per cent., a cut which is quite sufficient to maintain the statistical equilibrium of the European market, even if consumption should show a slight decline from its recent levels.

Sales on the London Metal Exchange: 3,300 tons on Monday, against 2,350 tons last week; 2,300 tons on Tuesday, against 2,400 tons last week; 1,800 tons on Wednesday, against 1,700 tons last week. Domestic spot was quoted at 9.97 1/2 cents per lb. in New York on Wednesday, against 9.57 1/2 cents a week ago and 10.37 1/2 cents a month ago. Wednesday's official closing price for standard cash in London was 40 2s. 6d. to 40 5s. per ton, compared with 37 16s. 3d. to 37 18s. 9d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 8,468 tons, showed a decrease of 322 tons, while stocks of rough copper, at 19,198 tons were 755 tons larger.

LEAD AND SELLER.—Both markets shared in the general improvement. Lead closed at 16 5s., a rise of 2s. 6d. on the week, while spelter rose by 13s. 9d. to 15 18s. 9d. There was a fair amount of buying this week, while sellers showed greater reserve than of late. But the October production figures for the two metals, as published by the American Bureau of Metal Statistics, were not encouraging. The world's lead output increased from 156,400 short tons in September to 168,200 short tons in October, while the world's spelter output advanced simultaneously from 151,400 to 162,300 short tons. Production of both metals must now be well in excess of current consumption, and stocks—for which figures are not available—must consequently be on the upgrade. Unless production of a much better trend than of late, both markets may come under severe pressure before very long.

Sales of lead on the London Metal Exchange: 2,000 tons on Monday, against 1,050 tons last week; 1,300 tons on Tuesday, against 1,450 tons last week; 1,000 tons on Wednesday, against 800 tons last week. The New York quotation on Wednesday was 5.00 cents per lb., against 5.00 cents a week ago and 5.25 cents a month ago. Wednesday's official closing quotation in London for soft foreign for shipment during the current month was 16 5s. to 16 7s. 6d. per ton, compared with 16 2s. 6d. to 16 3s. 9d. last week.

Sales of spelter on the London Metal Exchange: 1,350 tons on Monday, against 1,950 tons last week; 1,200 tons on Tuesday, against 1,000 tons last week; 2,350 tons on Wednesday, against 1,150 tons last week. Wednesday's quotation in East St. Louis was 5.25 cents per lb., against 5.50 cents the week before and 5.75 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was 15 18s. 9d. to 16 per ton, against 15 5s. to 15 6s. 3d. last week.

TIN.—Tin advanced by 5 15s. this week, closing at 191 15s., the highest level for the past twenty days. The improvement was mainly due to good reports from Wall Street and the endeavours of the United States Government to support industry. On Wednesday, also, the publication of the November statistics was well received by the market.

According to A. Strauss and Company, Ltd., the total visible supply increased last month, as compared with the end of October, by 1,065 tons to 21,908 tons. This rise did not come as a surprise after the unexpected decline in stocks a month before, and was actually smaller than expected by the market. New supplies declined in November by 2,035 tons to 10,321 tons, while deliveries fell by 1,752 tons to 10,610 tons. The decline in deliveries was due to the lower Straits shipments, while the only 5,195 tons last month, was accounted for by the United States, which took 15,195 tons last month, a decline of 3,015 tons compared with October. It is likely that the comparatively small increase in stocks, despite the low level of deliveries, will have a strong influence on the Tin Committee, when

THE BRITISH OVERSEAS BANK, LIMITED.

ESTABLISHED 1919

Report by the Board of Directors to the EIGHTEENTH ANNUAL GENERAL MEETING of SHAREHOLDERS to be held in the BANK PREMISES, 33, GRACECHURCH STREET (LOMBARD COURT), LONDON, E.C.3, on TUESDAY, the SEVENTH day of DECEMBER, 1937, at 12 noon.

The Directors submit to the Shareholders the Balance Sheet of the Bank, as at 31st October, 1937, and Profit and Loss Account, together with copy of the Auditors' Certificate.

The Profit, after allowing rebate of interest and providing for all bad and doubtful debts (other than provided for out of Contingencies Account), for the year ended 31st October, 1937, amounts to £52,454 8 11

Balance available from last account £121,601 0 0

Making a total of £121,601 0 0

LIABILITIES

Capital: Authorised

300,000 "A" Ordinary Shares of £5 each

300,000 "B" Ordinary Shares of £5 each

400,000 Shares of £5 each which may be issued in whole or in part as "A" or "B" Ordinary Shares

Subscribed and Paid in Full:

200,000 "A" Ordinary Shares of £5 each

200,000 "B" Ordinary Shares of £5 each

Current, Deposit and Other Accounts, including provision for Contingencies, and for Bad and Doubtful Debts

Amounts owing to Subsidiary Companies

Reserve Fund

Investments Depreciation Reserve

Acceptances, etc., for account of Customers (per contra)

Balance of Profit and Loss Account

Notes.—(1) Contingent Liability on account of Endorsements on Bills Discounted, 492.

(2) "Advances to Customers" and "Liability of Customers for Acceptances" include the balances which come under European "Standstill" Agreements and Exchange Restrictions, and also those due by Customers in Spain.

ARTHUR C. D. GAIRDNER, Chairman.

D. A. STIRLING, Deputy Chairman.

JAMES CAIRD, Director.

The Right Hon. LORD ABERCONWAY, C.B.E.

Sir JAMES CAIRD, Bart.

Sir NIGEL CAMPBELL.

Sir ARTHUR A. HAWORTH, Bart.

R. T. HINDLEY.

NORMAN L. HIRD.

F. O. ANDREWS-SPEED.

WILLIAM DEAN.

R. D. CAMERON, M.C.

ACCOUNTANT: F. J. SULLIVAN

GEORGE A. TOUCHE & COMPANY, London.

As already intimated, the Directors do not recommend payment of a dividend on the "A" Ordinary Shares as they consider it prudent to conserve the resources of the Bank in view of the unsettled state of world affairs.

The term of office of The Right Hon. Lord Aberconway, C.B.E., as Deputy Chairman having expired on 31st October, 1937, Mr. Duncan A. Stirling has been appointed to succeed him for the current financial year.

The Directors retiring by rotation are Sir James Caird, Bart., Sir Nigel Campbell and Mr. T. F. Tallents, M.C., who, being eligible, offer themselves for re-election.

The Auditors, Messrs. George A. Touche & Co., and Messrs. McClelland, Ker & Co., also retire, and, being eligible, offer themselves for re-appointment.

By Order of the Board, A. E. THORNE, Secretary.

London, E.C. 29th November, 1937.

BALANCE SHEET, 31st October, 1937

LIABILITIES	£	s.	d.	ASSETS	£	s.	d.
Capital: Authorised				Cash in Hand and at Bankers	278,042	18	0
300,000 "A" Ordinary Shares of £5 each	1,500,000	0	0	Money at Call and Short Notice	1,149,194	15	0
300,000 "B" Ordinary Shares of £5 each	1,500,000	0	0	Balances with Bankers Abroad	196,622	3	8
400,000 Shares of £5 each which may be issued in whole or in part as "A" or "B" Ordinary Shares	2,000,000	0	0	Bills Discounted	138,099	9	1
	5,000,000	0	0	Government Securities	446,345	0	6
Subscribed and Paid in Full:				(Market value £421,754)			
200,000 "A" Ordinary Shares of £5 each	1,000,000	0	0	Investments in Subsidiary Companies	58,444	2	6
200,000 "B" Ordinary Shares of £5 each	1,000,000	0	0	Other Investments, including Shareholding Interests in Foreign Banks	645,334	17	3
	2,000,000	0	0	Bankers Industrial Development Co., Ltd. One "A" Ordinary Share of £100,000, £100 Paid	100	0	0
Current, Deposit and Other Accounts, including provision for Contingencies, and for Bad and Doubtful Debts	3,840,339	3	7	Advances to Customers and Other Accounts	3,031,211	8	2
Amounts owing to Subsidiary Companies	122,385	14	8	Amounts owing from Subsidiary Companies	53,593	3	8
Reserve Fund	100,000	0	0	Liability of Customers for Acceptances, etc. (per contra)	3,089,194	15	6
Investments Depreciation Reserve	150,000	0	0	Bank Premises—Freehold, at cost, less amounts written off	337,338	0	5
Acceptances, etc., for account of Customers (per contra)	3,089,194	15	6		9,423,520	13	9
Balance of Profit and Loss Account	121,601	0	0		9,423,520	13	9
Notes.—(1) Contingent Liability on account of Endorsements on Bills Discounted, 492.							
(2) "Advances to Customers" and "Liability of Customers for Acceptances" include the balances which come under European "Standstill" Agreements and Exchange Restrictions, and also those due by Customers in Spain.							
	9,423,520	13	9				

ARTHUR C. D. GAIRDNER, Chairman.

D. A. STIRLING, Deputy Chairman.

JAMES CAIRD, Director.

A. E. THORNE, Secretary.

F. J. SULLIVAN, Accountant.

AUDITORS' REPORT TO THE MEMBERS.

We have examined the above Balance Sheet and compared it with the books of the Bank. We have satisfied ourselves as to the correctness of the Cash Balances and the Bills of Exchange, and have verified the Securities. We have obtained all the information and explanations we have required, and are of the opinion that the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Bank's affairs, according to the best of our information and the explanations given to us, and as shown by the books of the Bank.

London, E.C. 22nd November, 1937.

PROFIT and LOSS ACCOUNT for the Year ended 31st October, 1937

Dr.	£	s.	d.	Cr.	£	s.	d.
To Balance carried to Balance Sheet	121,601	0	0	By Balance brought forward	69,146	11	1
				" Profit, after allowing Rebate of Interest and providing for all Bad and Doubtful Debts (other than provided for out of Contingencies Account), for the year ended 31st October, 1937	52,454	8	11
				Notes.—The total remuneration received by the Directors by way of Directors' Fees from this Company and its Subsidiary Companies during this financial year amounted to £8,308 17s. 1d.			
	121,601	0	0		121,601	0	0

STATEMENT REQUIRED BY SECTION 126 OF THE COMPANIES ACT, 1929.

None of the Accounts of the Subsidiary Companies shows a loss. The net profits have been carried forward in their own Accounts after providing for dividends, which, so far as they relate to this Company, have been brought into the above Accounts.

ARTHUR C. D. GAIRDNER, Chairman.

D. A. STIRLING, Deputy Chairman.

JAMES CAIRD, Director.

22nd November, 1937.

THE DIRECTORS:

ARTHUR C. D. GAIRDNER, Chairman.

DUNCAN A. STIRLING, Deputy Chairman.

LOUIS E. MEINERTZHAGEN.

T. F. TALLENTS, M.C.

DUDLEY WARD, C.B.E.

Sir EDGAR HORNE, Bart.

The Right Hon. LORD MCGOWAN, K.B.E., D.C.L., LL.D.

LEWIS HUTH WALTERS.

MANAGERS:

ANDREW T. SMITH.

R. STEPHENSON.

DEPUTY MANAGERS:

H. W. GURNEY.

A. E. THORNE.

SECRETARY:

A. E. THORNE.

AUDITORS:

McCLELLAND, KER & COMPANY,

Glasgow and London.

CONTROLLER:

C. T. JAMES.

The spot price in New York on Wednesday was 14½ cents per lb., compared with 14½ cents per lb. a week ago and 14½ cents a month ago. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 73d. per lb., as against 7d. on the corresponding date last week. In forward positions business has been done at 7½d. to 7½d. for "January" shipments, as against 7d. to 7½d. for "January-March" stocks in London and Liverpool at the end of last week totalling 54,782 tons, against 53,411 tons a week earlier. A year ago stocks amounted to 89,228 tons.

**Your health will
BOOM
on
BOVRIL**

WHOLESALE COMMODITY PRICES

UNITED KINGDOM: LONDON, December 1st

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

CEREALS AND MEAT				POTATOES—				WOOL—			
GRAIN, Etc.—				King Edward (per cwt.)				English Southdown, greasy, per lb.			
Wheat—				Other English				Welsh, best Ad'ty., ton			
No. 2, N. Man. 498 lb.				SPICES—				Lincoln hog, washed			
Eng. Gaz. av., per cwt.				Pepper, per lb.				Queensland, sed. super cmbg.			
Barley, Eng. Gaz. av.				Black Lampoon				N.S.W. greasy, super cmbg.			
Oats				White Muntlock				N.Z. gray, half-bred 50-58			
Maize, La Plata, landed				Cinnamon—1st sort, per lb.				Crossbred 40-44			
480 lb.				Cloves—Zanzibar, per lb.				Tops			
Flour, Loc. stan. ex mill,				Ginger—per cwt.				Merino 70's average			
280 lb.				African				" 64's "			
Rice No. 2 Burma, per cwt.				Jamaica, ord. to good				Crossbred 48's			
MEAT—				Mace				" 48's "			
Beef, per 8 lbs.				Nutmeg, 65's				MINERALS			
English long sides				SUGAR—				COAL—			
Argentine chilled hinds				(Duty, 11/8 per cwt.)				Welsh, best Ad'ty., ton			
Mutton, per 8 lbs.				Centrifugals, 96", prpt.				Durham, best gas, f.o.b.			
English wethers				shipm., c.i.f. U.K./Cont.				Type			
N.Z. frozen				B.W.I., crystallised				Sheffield, best house, at			
Lamb, per 8 lbs.				Java, white, c. & f. India				pits			
Pork, English, per 8 lbs.				Oct.-Dec.				IRON AND STEEL—			
OTHER FOODS				Remya—London				Pig, Cleveland No. 3, d/d.			
BACON—				Yellow Crystals				Barr, M'brough			
English				Cubes				Steel rails, heavy			
Irish				Crushed				Tin plates			
Danish				Granulated				METALS—			
Dutch				Home Grown				Copper, Electrolytic, ton			
HAMS—				TEA—				Sheets (Strong)			
Canadian				Indian—per lb.				Standard			
United States				Pekoe				Lead, Eng. pig			
BUTTER—				Broken Pekoe				Soft foreign			
Australian				Orange Pekoe				Spelter G.O.B.			
New Zealand				Broken Orange Pekoe				The English ingots			
Danish				Ceylon—per lb.				Standard cash			
CHEESE—				Pekoe				MISCELLANEOUS			
Canadian				Broken Pekoe				CHEMICALS—			
New Zealand				Orange Pekoe				Acid, citric, per lb., less 5%			
English Cheddars				Broken Orange Pekoe				Nitric			
Dutch				Ceylon				Oralic, net			
COCOA—				Pekoe				Tartaric English, less 5%			
(Duty, British grown,				Broken Pekoe				Alcohol, Plain Ethyl.			
11/8; foreign, 14/- cwt.)				Orange Pekoe				Alum, lump			
Accra, f.i.				Ceylon				Ammonia, carb.			
Trinidad				Pekoe				Sulphate			
Grenada				Broken Pekoe				Arenite, lump			
COFFEE—				Orange Pekoe				Bleaching powder, per ton			
(Duty, British grown,				Ceylon				BORAX, gran.			
4/8; foreign, 14/- cwt.)				Pekoe				Do., powder			
Santos sup. c. & f. cwt.				Broken Pekoe				Nitrate of soda			
Colombian, good				Orange Pekoe				Potash—Chlorate, net			
Costa Rica, med. to good				Ceylon				Sulphate			
East Indian				Pekoe				Soda Bicarb.			
Kenya, medium				Broken Pekoe				Crystals			
EGGS—				Ceylon				Sulphate of Copper, per ton			
English				Pekoe				CEMENT, best Eng. Portland, d/d. site,			
Danish				Broken Pekoe				London area, jute sacks, 11 to ton			
FRUIT—Oranges—				Orange Pekoe				(charged and credited at 1/6d. each) or			
S. African				Ceylon				paper bags 20 to ton (free, non-return-			
Brazilian				Pekoe				able)			
Lemons, Malaga				Broken Pekoe				4-ton loads and upwards 39/- per ton			
Sicilian				Ceylon				1 and up to 4-ton loads 41/- per ton			
Apples: Amer. (var.) brls.				Pekoe				COPRA—			
(var.) boxes				Broken Pekoe				S.D. Straits c.i.f., per ton			
" Australian				Ceylon				DRUGS—			
Onions—				Pekoe				Camphor			
Valencia, case				Broken Pekoe				Japan, refined			
Egyptian, bags				Ceylon				Ipecacuanha			
Grapes, Almeria, barrels				Pekoe				HIDES—			
Grapefruit, Brazilian				Broken Pekoe				Wet salted—Australian			
" S. African				Ceylon				West Indian			
LARD—				Pekoe				TALLOW—			
Irish, finest bladders				Broken Pekoe				London town			
U.S.				Ceylon				TIMBER—			

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

UNITED STATES

New York quotations unless otherwise stated

	Dec. 2, 1936	Nov. 3, 1937	Nov. 24, 1937	Dec. 1, 1937		Dec. 2, 1936	Nov. 3, 1937	Nov. 24, 1937	Dec. 1, 1937
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	124½	91½	89½	92½	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	3-85	3-22	3-38	3-30
Maize, nearest future, Chicago, per bushel	108½	58½	53½	52½	Cotton, middling, spot, per lb.	12-83	7-81	8-04	8-00
Oats, nearest future, Chicago, per bushel	46	30½	30½	30½	Rubber, smoked sheet, per lb.	18½	14½	14½	14½
Rye, nearest future, Chicago, per bushel	97½	71½	67½	66	Petroleum, Mid-continent crude 33 deg., to 33-90, at well, per barrel	104	116	116	116
Barley, nearest future, Chicago, per bushel	(a)	(a)	(a)	(a)	Copper, "Electrolytic," Domestic, spot, per lb.	10-47½	10-37½	9-57½	9-97½
Coffee, Rio No. 7, cash, per lb.	8½	(a)	6½	6½	Copper, "Electrolytic," Export prompt, per lb.	10-70	10-80	9-80	10-20
" Santos No. 4, cash per lb.	11	(a)	8½	8½	Spelter, East St. Louis, spot, per lb.	5-05	5-75	5-50	5-25
Cocoa, Accra, nearest future, per lb.	10-61	5-87	5-07	5-46	Lead, spot, per lb.	5-20	5-25	5-00	5-00
					Tin, "Straits," spot, per lb.	51-25	45-25	41-75	43-12½

(a) Nominal

THE ECONOMIST

Vol. CXXIX

DECEMBER 11, 1937

No. 4920

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Government, although he has left Nanking to organise further resistance.

It is, however, by no means out of the question that a *coup d'état* at Nanking will spontaneously produce a Chinese National Government with which Japan can treat, and in any case we must expect to see puppet Chinese local administrations set up by the Japanese wherever their occupation extends. The farce that was first played in "Manchukuo" has already been repeated at Peiping; and it may be taken as certain that the same heavy-footed comedy will be reiterated at Nanking to-day and perhaps at Hankow to-morrow. This is a trick that can always be practised upon any invaded country if the invader deems it worth his while. In Turkey, for instance, after the Armistice of 1918, when Western Anatolia and Thrace were occupied by the Greeks and the Straits by the Allies, there was a puppet Government at Constantinople which dutifully earned its keep by periodically anathematising a mutinous officer at Angora. CHIANG KAI-SHEK can find as much encouragement in the precedent of MUSTAFA KEMAL as in that of FABIVS CUNCTATOR.

The parallel is, as a matter of fact, remarkably close. In the Græco-Turkish War, as in this, a continental Asiatic country was invaded by an aggressor from overseas. In that war, as in this, the invader was well equipped and his victim relatively destitute of arms and munitions. In that war, as in this, the defenders followed the strategy of bartering territory against time.

New Model Army

MR HORE-BELISHA'S drastic reconstruction of the Army Council came to the public last week as a complete surprise. That there were divergent schools of thought in the Army was well known to the informed. That the SECRETARY OF STATE held views on some matters which were not shared by the senior generals could have been surmised. But that the dilemma had reached a stage where it could only be resolved by the appointment of an almost entirely new set of military members of the Army Council was not suspected. The change has been made smoothly; there have been no dismissals, and the affected officers have resigned "in order to facilitate the promotion of younger officers." But there has been no attempt to suggest that it was merely a matter of age that was in dispute. As a result of last week's changes in personnel there has been, or will be, a re-casting of the policies of the War Office.

The effect of this sudden announcement on British public opinion has been strikingly favourable. Whatever may be the reaction in other countries, here it has been one of satisfaction that the efficiency of the Army is to be increased. It took courage for the SECRETARY OF STATE, who has been only six months in office and has no family roots in the military tradition, to make such sweeping decisions. A First Lord of the Admiralty in similar circumstances would be defeated by his admirals. But the public has views on the Army; the war has left millions of men who consider themselves—and are—competent to express an opinion on military matters. This vigilant body of opinion is now asking itself what are the changes in policy portended by last week's changes in personnel. On this important matter no official word has been vouchsafed, but it is possible, nevertheless, to piece together an answer.

All the defence forces necessarily work in a strategical twilight. The nation's war plans, even in a democracy, cannot be shouted from the house-tops. But the taxpayer who foots the bill has a legitimate interest in the objects

In that war, as in this, the continental Asiatic nation that was fighting for its existence had a back door communicating with the Soviet Union; and, whatever may have been the military effect of Russian supplies to the Turks upon the outcome of their struggle with the Greeks, there can be no doubt of the psychological effect, upon the Turks' *moral*, of their consciousness of having a huge friendly Power in their rear. No prophet would follow out the parallel to the extent of foreseeing a rout of Japan by China. But it does at least suggest that China's cause is by no means yet lost, and that Japan's final victory in her war of aggression is by no means yet assured.

Meanwhile, *securus indicat orbis terrarum*. The world's condemnation of Japan has been clear and all but unanimous. To this world-wide feeling the Japanese are patently sensitive, and the plaudits of the tiny minority of mankind that believes in the ideology of aggression can do little to fortify the Japanese against the consciousness of being condemned by an overwhelming majority of their fellow men. This judgment of the world is like the spaciousness of China; it will tell against the Japanese with a cumulative effect the further they go and the longer they keep at it. China is faced with a tragedy. But beneath all the mafficking in Tokyo the wiser heads of Japan cannot contemplate without disquiet the endless vista of the difficulties towards which their country is being thrust with such headlong precipitancy.

for which armed forces are maintained. He rightly expects to be told what the Navy, the Army and the Air Force are for—not merely what foreign policy they are ultimately intended to reinforce, but also what their broad strategic functions would be in time of war. The Navy's purpose is perfectly clear—to blockade the enemy and to keep our own trade routes and military supply lines open. The Air Force has a similar dual rôle—to harass the enemy's internal communications, to lame his munitions industry and (let us be frank) to frighten his civil population, while preventing him from doing the same things to us. But what is the Army to do? We know that Britain has never fought in a general European war without having to make a great effort on land. But what form should we envisage the land effort taking in any future war? And how, within the means available, should we prepare for it? These questions are not easy to answer, and it is in the answering of them that differences of opinion have most probably arisen.

The Army's future has three elements—the strategic conceptions to which it is moulded; its personnel and organisation; and its equipment—but the two latter follow semi-automatically from the first. So far as its strategic *raison d'être* is concerned, the British Army still apparently considers itself as an imperial fire brigade, with a home establishment whose main function is to replenish the outposts of Empire. This, the CARDWELL conception, was admirably suited to its time, which was a time of peace in Europe. On to it HALDANE grafted an Expeditionary Force of six divisions. This force was ready in 1914 to play its prepared rôle of left wing to the great French attack. The attack never came off, and the war bogged down into the trenches. But the fact that the expectations of 1906-12 failed to materialise in 1914-18 was not the fault of HALDANE or his collaborators. They prepared efficiently the sort of expeditionary force which by all reasonable indications seemed to be the sort that would be wanted.

Are we doing as much to-day? The political setting of the problem is not dissimilar from its pre-1914 appearance. In any European war which can be envisaged in the near future, we shall be fighting as the allies of the French. But does that mean that we must be ready to send them the sort of help they wanted, and were given, in 1914? Rather the contrary, for the whole French conception of strategy has changed. Instead of an advance of masses of troops all along the line, the French strategy is now defensive. It relies on the Maginot line to prevent a break-through *en masse*. But it is conceivable that the Maginot line may be pierced by a highly mobile and heavily-armoured mechanised force. So to counter this the French are organising a number of light and heavy mechanised divisions to reinforce the Maginot line quickly at the point where the German mechanised spear-head attacks it, and to contain any force which breaks through. Moreover, if the nature of the war requires a French attack (if, for instance, Germany marches to the East and stands on the defensive in the West), the attacking force must be armoured and mechanised.

Now, in a scheme of this sort, the old British Expeditionary Force of six divisions has no place at all. However much its transport were mechanised, it could not possibly get into action in time to be of assistance in the first phase of rapid movement. And if the war moved on to a second phase in which armed millions faced each other, six divisions would be almost negligible. If the British Army is to play any decisive rôle at all without conscripting the whole manhood of the nation, its Expeditionary Force must be a body no larger than can go into action in a few days, and mechanised so thoroughly that it can help to deliver the swift and powerful punch or counter-punch which, launched in the first few days, may be decisive. But hitherto there has been no sign that the War Office is preparing such a force. The older military generation has a long-standing and often-proved aversion to mechanical equipment—KITCHENER thought four machine-guns per battalion were enough, and cavalry officers still think, to judge by the outcry whenever a famous regiment is mechanised, that the disappearance of cavalry in the last war was due to an accident of the weather. There is a very strong suspicion among laymen that it is on these matters that the military mind most needs bringing up-to-date.

Strategy is not the only matter on which long-standing preconceptions need re-examination. It needs to be asked whether the CARDWELL system of "linked battalions" is appropriate to the new conditions. HALDANE wanted to

abolish it thirty years ago, and the need for at least a part of the Army to be definitely trained for European service has not lessened since his day. Or there is the question of the terms of enlistment. The seven-year period is proving unattractive to recruits without yielding special benefits in efficiency. Both France and Germany now have what amount to two armies, a highly-trained nucleus of men who serve a life-time, and a short-service army building up vast trained reserves. Should we not, on our smaller scale, make some similar reform? The new policy of depleting the reserves by attracting time-expired men back to the colours seems to make it logically necessary. More immediate than these questions of organisation are the problems of supply. There is some danger that the Army, precisely because of the confusion surrounding its purpose, may become the Cinderella of re-armament.

The public looks to the War Office to answer these questions. But it does not expect them to be answered with a mere reference to glorious traditions. Nor is the public over-impressed with the doctrine of "trust the expert." Civilians have always made the best Army reformers. CARDWELL, the Liverpool business man, and HALDANE, the Scots lawyer, provide ample precedent for MR HORE-BELISHA. Moreover, there are the lessons of the last war. It has been said that JELlicoe was the only man on either side who could lose the War in a single afternoon. But though the generals' mistakes were not as immediately disastrous as a naval blunder might have been, they had nevertheless to be slowly wiped out in rivers of blood. It is perhaps too severe to say, as one critic has put it, that the General Staffs still have before them "the picture of 1918 painted with the renewed confidence of 1914 upon a canvas of 1814." But Passchendaele has left behind a healthy distrust of generals.

This explains the satisfaction, amounting almost to enthusiasm, with which last week's changes have been greeted. There is no reflection upon the officers who have resigned; but the change is taken by the public as meaning that the way has been cleared for the re-examination of the whole *rationale* of the British Army in the desperately cold light of the facts of the present world. Whether the assumption is correct, whether MR HOREBELISHA has pointed the British Army in the right direction, whether the new men are not merely younger than and different from, but superior to the old, cannot now be said by any man living. But the SECRETARY OF STATE is at least sure of public support in his search for methods of bringing the Army to the highest pitch of military efficiency in an armed and mechanical world.

Population on the Move

MUCH has lately, and rightly, been made in Parliament and the Press of the potential consequences of a movement which threatens us first with an ageing and later with a declining population. The effects of such a change (which were analysed in *The Economist* as recently as July 10th, 17th and 24th, on pages 59, 115 and 167) must necessarily be profound, and the nation cannot afford to neglect them. There is, however, another type of movement in the population of these islands of which much less is popularly written—the migration of large bodies of people from one town or one region or one industry to another, or from country to town or from town to suburb. The consequences of this ceaseless internal migration are evidenced in a hundred ways: by new housing estates, *passim*; by the

depopulation of Welsh mining valleys and the uprising of towns like Dagenham, in the Thames marshes; by Northern accents heard in Oxford; by the rush-hour difficulties of the London Transport Board; by increased sales of the humble pedal-bicycle to workers living at a distance from their employment; and by many other signs. For really satisfactory information about internal migration we must rely on the geographical and industrial figures of the decennial census returns, but a valuable insight on more recent developments is afforded by the Ministry of Labour's figures, particularly the annual "census" of insured workers described in the current issue of *The Ministry of Labour Gazette*.

The first and most striking conclusion suggested by the available evidence is that Britain, like the majority

of countries enjoying a Western type of civilisation, is fast becoming a land of town-dwellers. The census of 1931 showed that, if towns and urban districts were taken together, as much as 80 per cent. of the population lived on 12 per cent. of the surface of England and Wales. The population of London increased between 1921 and 1931 at more than double the rate for the whole of Great Britain. Industrial depression failed to check the steady concentration of new urban and semi-urban areas round centres like Manchester and Liverpool.

The growth of towns, however, is only a single aspect of the population movements of recent years. People have been moving outwards as well as inwards from great cities. For example, between 1881 and 1931 the county of London had a net "natural" increase of two million persons, but lost one and a half millions by migration. Even more significant has been the movement of the population in response to the geographical redistribution of Britain's industrial activity. Thus, in recent years, the Midlands have served as a species of clearing house through which have passed industrial workers from the Northern manufacturing areas on either side of the Pennines, from Wales and from London and its hinterland. The Midlands have gained a little on balance, but the set of the tide has been towards London and the South-East. Between 1923 and 1937 the number of insured workers in these two areas and the Midlands together increased by 34 per cent., while the percentage growth in the North-Western and North-Eastern areas was only 12½, and in Great Britain and Northern Ireland as a whole only 22.

The opposite effect of industrial prosperity and depression is even more strikingly brought out by the figures for different districts in Great Britain. Between 1921 and 1931, migration cost Lancashire 2.3 per cent. of her population. In South Wales the loss was 12.1 per cent., on the North-East Coast it was 9.2 per cent., in South-West Scotland 9.0 per cent., and in Cumberland 8.7 per cent. The decline in population was heaviest, in fact, where industrial depression was greatest. The experience of Lancashire, examined more closely, reinforces this moral; for as much as 83 per cent. of the total loss by migration from the county between 1921 and 1931 occurred in the two years 1930 and 1931, during the trade slump. Yet some districts in Lancashire actually registered rises of anything up to 24 per cent. during the decade, while many others suffered losses ranging down to 12 per cent.

What are the causes of these important movements of population? One cause, undoubtedly, is a desire to enjoy the facilities and amenities of town life, to which we may add the ambition which prompts workers already in employment to migrate voluntarily to better-paid jobs. These movements are essentially voluntary. But other and special factors cause migration of a more or less enforced character. Changes in industry and commerce lead to movements which, though undertaken on individual initiative, are largely involuntary. And, under the policy of transference from the Special Areas, thousands of men, women and children have been moved by the State.

What are the factors which make these involuntary movements necessary? Hitherto, nearness to ports, markets, or sources of material, and the availability of suitable sites and supplies of labour, have governed the location of industry. On the whole, trades like cotton, shipbuilding and coalmining, which relied most on export trade, were the most highly localised of British industries. Consequently, depression, which crippled the export trades, created Special Areas, with a population that must move or be moved. Between 1923 and 1936, the number of employed workers in the cotton industry fell by 20 per cent., in shipbuilding by 21 per

cent., and in coalmining by 47 per cent. We may contrast this experience with that of industries localised largely in a prosperous inland area like the Midlands. During the same period the number of employed workers in the carpet trade increased by 20 per cent., in iron and steel tube making by 31 per cent., in hosiery by 33 per cent. in general ironfounding, etc., by 35 per cent., in the miscellaneous metal industries by as much as 62 per cent., and in the motor, cycle and aircraft industry by no less than 72 per cent.

The social, economic and administrative problems created by these changes are embarrassing, costly and far-reaching. Migration, clearly, is bound vitally to affect the "social capital" of an area depleted of a large part of its population. The Rhondda Valley, for example, registered between 1921 and 1935 a decline in population of over 25 per cent. and a further decline of nearly 20 per cent. below the 1935 figure is expected by 1941. The effect on the institutional structure of the district will be considerable: for its government and services have been constructed to serve the needs of a population much larger than it is likely to possess in the near future.

On the economic side, if the risks of specialisation, the instability of which has largely caused these movements of population, are to be avoided in the future, it is clearly important to ascertain the conditions under which industries can be revived, or new industries encouraged in the Special Areas. The establishment of trading estates is an attempt in one direction to solve this problem by broadening the economic basis of life in these districts and thus providing a continuous livelihood for their populations.

Migration and transference, however, present their own group of problems. People do not always move easily. The mobility of a population may be affected by temperament and environment, and also by social circumstances. In Lancashire many workers are women, and a fair proportion are married women, who move far less readily than men. The economic structure of a family is often based, not on a single bread-winner, but upon the co-operative effort of several. And the purchase of the family home, outright or by instalments, tends also to immobilise large numbers of people.

Diagnosis of a difficulty is one thing and prescription is another. Despite the recent improvement in trade activity, the fundamental problem of the proper location of industry is far from having been resolved. Should the rapid development of London and the South-East be deliberately checked, as SIR MALCOLM STEWART has suggested? Is compulsory State-directed location of industry the obvious specific remedy, as some members of Parliament appeared to suggest during this week's debate in the Commons? It would be premature, at this stage, to anticipate the findings of the Royal Commission which is considering the whole question of industrial location. But there are obvious objections to any hasty action which might provoke more ills than it would cure. Whether, in the long run, the Government's agricultural policy, land settlement, afforestation and so forth, will play an effective rôle in the general redistribution of the population, it is also too early to say.

What emerges most clearly from study of this intricate and serious problem is the fact that more knowledge is needed as the foundation of policy. The task of the Royal Commission may be formidable, but its findings will be indispensable. The events of the last quarter of a century have squarely posed the question whether inevitable economic change should be allowed to take its own course, or whether it can be controlled, without authoritarian regimentation, in the social, economic and strategic interests of the country.

Industry in the Dominions

THE rise in prices since 1932 has so greatly increased the value and profitability of primary production in the British Dominions that it has tended to deflect attention from the simultaneous progress of their secondary industries. To that progress a number of factors have contributed. One was the increased protection afforded to manufacturers in the Dominions after 1929 as part of the effort of Dominion statesmen to adjust their balances of payments to meet lower prices and the drying-up of imports of capital. Another factor has been the improved technical efficiency achieved by local industry under the pressure of slump conditions. Over and above these special conditions, there has long been a tendency towards the industrialisation of all the newer countries of the world, and recent events have, on the whole, served to intensify it. Abnormal protection has now assumed quite a subordinate scale in stimulating industry in the Dominions, except in the special case of the Irish Free State. Practically all special crisis restrictions have been removed in the other Dominions. The Ottawa Pacts and other trade treaties have modified the effective scale of tariff protection, and the Scullin and Bennett tariffs are things of the past. We must look, therefore, to permanent economic factors for the main explanation of the recent growth of secondary industries in the Dominions.

Australia offers, perhaps, the outstanding example of industrial expansion since the last slump. From 1919-29 to 1928-29 the annual value of all material production in Australia, both primary and secondary, fluctuated with numerous ups-and-downs between extreme limits of £343.7 millions and £454.6 millions, the peak being reached in 1924-25. Meanwhile, the net output of manufacturing industry rose steadily, without a single break in the curve, from £92.3 millions to £159.8 millions. At the end of the decade its proportion to the whole was 35.7 per cent. The depression drove the value of all material production down to £305 millions, and the net value of manufacturing production down to £106.5 millions, its proportion to the whole thus falling to 34.9 per cent. By 1935-36 (the latest year for which full statistics are available) the proportion had risen to 38.5 per cent., total production having meanwhile been raised to £405 millions, and the net value of the manufacturing production to £155.9 millions. Such later figures as have been published suggest that the same trend has been continued during the past three years. In 1928-29 the average number of persons employed in Australian manufacturing industry was 450,000. Three years later it had fallen to 337,000, but by 1934-35 it had regained its pre-depression level. In June of this year the figure was 535,000, which was some 19 per cent. more than the maximum annual average before the slump.

The tendency, indeed, for the volume of employment in secondary industries to recover more rapidly than the value of the net output of those industries has been general in the Dominions. Thus, in New Zealand the net output fell from £32.3 millions in 1929-30 to £24.2 millions in 1931-32, and recovered to no more than £30 millions four years later. The numbers employed, however, fell only from 83,000 to 69,000, and by 1935-36 were in excess of 86,000.

In Canada the net output of manufacture fell from \$1,997 millions in 1929 to \$1,390 millions in 1931, while the number of workers fell only from 694,000 to 557,000. By 1935 the net output had fallen even lower, to \$1,302 millions, but over 25,000 more workers were employed than in 1931. In 1935 the gross agricultural income of Canada was only \$949 millions. Even if we add to this figure some \$115 millions earned from primary forest production, and \$47 millions from furs and fisheries, the total of \$1,111 millions is below the net income of manufacturing industry.

While Canada has been slowest in recovering her

pre-depression industrial position (though her net output has risen largely since 1935), recovery in South Africa, thanks to the gold boom, has been very rapid. In 1934-35 the net output of private secondary industries in the Union was valued at £52.6 millions, a figure over 22 per cent. above the peak pre-depression figure of £43 millions in 1929-30. The number of Europeans employed had risen from 70,000 to 96,000, and of non-Europeans from 116,000 to 139,000. A further rapid advance is now causing a serious pressure on the labour supply.

The Irish Free State (now, to the solace of her nationalists but to the confusion of everyone else, to be officially entitled Ireland) can be brought into the same picture of industrial expansion. Though she is a Dominion by analogy rather than by historical character, she has in this connection at least two traits in common with the overseas Dominions. The first is a reliance on exports of primary products, which find their chief (in her case virtually their only) market in Great Britain. The second trait is a determination to render herself more independent economically by fostering local secondary industries. In Ireland this process has been stimulated by the so-called tariff war, which arose out of her political quarrel with Great Britain. In 1926 the net output of her manufacturing industries was £23.1 millions, and these industries employed 90,000 workers. By 1931 the net output had advanced to £25.6 millions, and the employment afforded to 96,000. There are no complete figures for later years; but if those available for certain of the more important industries are indicative of the whole, then the net output would seem to have risen above £31 millions by 1935 and the numbers employed to 155,000. A fall in the average rate of money-wages paid is a striking feature of the Irish statistics.

Altogether, in the Dominions as a whole it is clear that the long-term trend towards increasing industrialisation has not been disturbed, but rather reinforced, since 1929. Experience of collapsed primary prices, and the threat or actuality of quantitative restriction on the entry of their products into their principal market—in most cases Great Britain—would seem to have accentuated the Dominions' long-standing ambition to secure "a more balanced economy." Their increasing industrialisation has inevitably been accompanied by increasing urbanisation, which has set up its own subsidiary economic problems. Even in New Zealand, over one-third of the population (excluding Maoris) now lives in the four principal urban areas.

It is doubtful whether popular ideas about Empire trade, migration and capital investment have kept pace with these developments. The figures given in this article suggest that the Dominions are no longer to be considered, primarily, as great granaries and pastures, feeding a great urban aggregation in the United Kingdom. They are rising industrial countries, though primary production is still the mainspring of their economic activity. As markets for our goods, however, or as providers of opportunities for the investment of our money or men, they are conforming more and more closely to the pattern of other industrial countries. This is a development in which the Dominions' policy of protecting their manufacturing industry has played a large part, but to which Britain's agricultural policy has also contributed. Strategical considerations have, in turn, contributed to the same end; for, apart from their general effort towards greater economic self-sufficiency, the Dominions have without exception spent an important part of their re-armament effort on the stimulation of local munitions industries. The tendency towards the industrialisation of the Dominions, in short, is undoubtedly permanent in its effects, and its implications deserve fuller recognition by statesmen, industrialists and traders in Great Britain.

Is Life a Boon?

UNTIL three years ago a personal action at law died with the litigant and the estate of a deceased person could be neither plaintiff nor defendant in a suit for tort. In 1934, however, our excellent lawyers and our Ministry of Transport decided to have the law changed. An Act was passed, known as the Law Reform (Miscellaneous Provisions) Act, by which the right of action was made to survive death. In the Act's own words:—

All causes of action subsisting against or vested in him shall survive against or for the benefit of his estate.

The birth of this miscellaneous reform was widely acclaimed. The trouble with begetting children, however, is that one never can tell what they are going to do in later life; and it was not long before the parents of this new law had reason to be astonished at their own offspring. When the Act first came before the House of Lords it appeared that a dead man's heirs were entitled to receive damages for the very shortening of life which had brought them their inheritance. It was decided in the now famous case of *Rose v. Ford* that, if a man is negligently killed, not only can his dependants claim for their own loss but his estate (i.e. his heirs) can claim for the years which he would have lived, the life that he would have enjoyed but for the accident. That judgment caused consternation among the authorised insurers of motor car risks, and must in time force them to re-cast the whole scale of premiums charged.

A week ago there came before MR JUSTICE GREAVES-LORD another case—that of a little girl aged eight who was killed by a Great Western van at Swindon. Her father claimed for himself the expenses in which he had been involved by her illness and death; and for her estate he claimed compensation for the loss of the life which she would have had if the accident had not taken place. The poor child herself was beyond reach of money; but, on the strength of *Rose v. Ford*, a claim was made on her behalf for the benefit of her personal representatives; and to the judge fell the difficult and responsible task of deciding what were the proper damages for cutting short a life at the age of eight. He gave his decision in a judgment which is a remarkable combination of law, accountancy, philosophy, poetry and psychology. Bound by the case of *Rose v. Ford*, he said:—

The question was how far damages must be assessed for the loss of expectation of life which the child had suffered. It had to be assessed in her personal right just as though she were living.

In other words, the judge had to put himself into the position of this little girl at the time she was killed and to decide what was to her at that moment the cash value of the life which, on a normal expectation, lay before her. But there were (he explained) certain factors that might be thought to have a bearing on that value, which he was prevented by the House of Lords from bringing into account:—

What one had to value was life as a whole with all its various incidents. One could not take it on loss of earnings or any calculation as to earning capacity. One was not allowed to base it on the social position of the person whose life was shortened because in respect of all those matters one was definitely and carefully restricted by the House of Lords.

Ruling out, therefore, wealth, prospective earnings, social position and the extent to which the person concerned would have appreciated the damages herself, his

Lordship faced the task of determining "what is life considered as a good thing," setting debit against credit, weighing the normal vicissitudes with all the joys, all the sorrows, all the hardships and the various burdens and duties, "coupled with the fact that the person had to provide for her own life." That simple asset must be turned by his Lordship into pounds, shillings and pence, and it is not surprising that before doing so he turned for help to the stored wisdom of the poets. They led him to award the child's father £1,500.

As the duty of valuing lives in this way will almost certainly present itself more and more often so long as the law remains in its present admirable state, we have, in the hope of being helpful to His Majesty's judges and to the juries on whom the work of valuation will fall, given serious consideration to working out a "state of happiness" index number, which will be published as soon as certain minor difficulties have been overcome. In the meantime, we have drawn up a provisional schedule of life values according to occupations, on which the authorities may base themselves till the index number itself is ready. The judicial directions, fortunately, are clear and unambiguous. We have to value life as a whole without taking into account wealth, social position or earning capacity, but concentrating on the question of how far the life lost was a good thing, an amenity—how far the dead person was likely, if he had lived, to pass his life in rest and quietness. Money and social position do not count, and to the legal personal representatives a dead tramp, if he was happy before he died, is a better investment than a wealthy but worried stockjobber. The issue, it will be seen, is simple, and it remains only to express the result in sterling, to which end we venture to submit to their Lordships for their future serious consideration a few valuations of dead folk according to their occupation and their respective enjoyment of rest and quietness:—

	£	s.	d.
A High Court Judge	100,000	0	0
A Commissionaire	10,000	0	0
A Ministry of Transport Official...	10,000	0	0
An Editor of <i>The Economist</i>	10	0	0
A Motor Car Underwriter in the present condition of the law ...	0	0	10

These figures can, of course, be taken only as a basis and will need to be weighted for individual cases in different ways. For example, in a British court of law regard must surely be had to the relations of this world and the next; and evidence must be heard as to whether the deceased person was likely to find himself better or worse off after his decease. For if the continuance of life is only a postponement of a future life, the value to himself of a man's life here must depend partly on what it is that is being postponed. If, therefore, we had evidence that a deceased civil servant had been a very good man, orthodox in his views and impeccable in his private life, we should be inclined to knock 50 per cent. off the valuation and give his legal personal representative £5,000 instead of £10,000. And *vice versa*, if the plaintiff could prove the deceased to have been a very bad man we might raise the damages to £20,000. A judgment from the House of Lords on this aspect of the law will be eagerly awaited. In the meantime, both the legal profession and the personal representatives of deceased persons may face the future in confident anticipation of a satisfactory harvest.

Notes of the Week

Setback in Employment.—The publication at the beginning of the week of the November unemployment figures (the salient features of which are reproduced in a later Note on page 524) came as a shock to public opinion. The returns for September and October had contained some elements of *disquiet* for those who analysed them closely, but on the surface they showed very little change in the trend of recovery. An increase of 108,000 in unemployment, however, and a fall of not much smaller proportions in the numbers of insured persons at work, came as a startling reversal of trend. The unemployment figures relate to the position on one particular day and a large change from one return to the next is sometimes to be explained by peculiar circumstances, such as weather or local holidays, affecting individual industries or districts on the day of the count. This month, unfortunately, there is no such possibility of explaining the figures away. The increase in unemployment was fairly evenly spread both industrially and geographically, Wales being the only region and coal-mining the only industry to escape. Nor is November a month in which unemployment has more than the slightest seasonal increase. The count this year was taken a week earlier than last year and the greater distance from the increase of activity in many trades in preparation for Christmas may have affected the figures slightly, but certainly not enough to account for more than a fraction of the rise in unemployment.

It has been appreciably more difficult, since the publication of these figures, completely to deny the existence of a recession in British trade. On the other hand, it is very important not to exaggerate its dimensions. The fall in employment is very little more than half of one per cent. of the total, and although the unemployment total is a bare 70,000 below the figures of twelve months ago—with a number of industries showing higher figures than in 1936—the number of persons employed is still 350,000 more than it was a year ago. The November figures are therefore disturbing only if they stand at the beginning of a downward trend. There is a large body of opinion which finds no basis for such a pessimistic assumption. Mr Reginald McKenna, for example, speaking on the same evening that the figures were announced, ascribed the recession entirely to the cessation of purchases of raw materials by American industry, leading to lower commodity prices and depressed Stock Exchanges. "While we may not unreasonably anticipate a decline in American industry," he said, "we need not anticipate any similar decline here." On the other hand, another body of informed opinion, with equal authority,

would almost exactly reverse Mr McKenna's prediction. But after this week's unemployment figures, there certainly cannot be any further attempt to stifle discussion of the outlook for British industry under the pretext that any forecast other than that of continued expansion constitutes a species of economic defeatism. There is now clearly a need for the most careful and objective analysis of the position of the national economy.

Air-Raid Precautions.—The Government's efforts to allay public anxiety about the state of the national defences continue. Hard upon discussion of the organisation of the Services came the announcement by the Home Secretary on December 7th, in the final stages of the Air Raid Precautions Bill's passage through the House of Commons, that the Air Raid Precautions Department was to be placed on a service basis. It will, in fact, become a Defence Department under the Home Office, civil in character but with the distinction between staff and administrative duties peculiar to service bodies. This organisational change and the additions to personnel—which include the appointment of Wing-Commander Hodson as Inspector-General in charge of the staff side and of Mr Eady, previously secretary of the Unemployment Assistance Board, as Deputy Under-Secretary of State—will, like the decision to collect information from local authorities concerning the possible evacuation of urban populations, inspire general confidence.

In the Commons' discussions this week there have been echoes of the wrangle about the allocation of costs between central and local authorities. For the most part, however, argument has been concerned with the technique of home defence. While most speakers have agreed with the Home Secretary that "no air raid precautions could assure complete immunity," there are still divergent opinions about the adequacy, within this limitation, of the Government's plans. The House was no doubt encouraged to learn from the Under-Secretary that public buildings, including the Palace of Westminster, were to be structurally safeguarded. But, for private persons whose resources will not permit them to construct the shelters for which wealthier persons are already seeking remissions in rating or income-tax assessments, the news that not even the London tubes will be available as refuges is disquieting. Nevertheless, despite delay due to fiscal and political polemics, much headway has been made with the organisation of raid precautions. A gratifying number of

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persons has been trained in protective methods; and the Government has realised the problem's central importance. It is clear, however, that the belief that this country has lagged behind some others in vital aspects of air-raid precautions is not entirely unfounded. And, since actual anti-aircraft developments seem so far to have been slight, the Government's concentration on the offensive in the air will not in itself dispel alarm.

* * *

Amendments to the Population Bill.—The amendments to the Population (Statistics) Bill which have been handed in by the Government show that Sir Kingsley Wood has decided to meet the detailed criticisms of the Bill that were made on second reading rather than to abandon it altogether. The first of these amendments limits the obligation of the public to the provision at the time of registration of "such of the particulars specified in the schedule to this Act as are appropriate to the registration and are within the knowledge of the person giving the information." The Act is now to come into force automatically on July 1st next without any procedure by Order in Council. Other amendments strengthen the safeguards against the improper disclosure of information thus collected. The biggest changes, however, are in the schedule, which instead of outlining a wide field for the Government to pick and choose from, specifies precisely the questions that will be asked. In the case of a birth, the information to be collected will be the age of the mother, the date of the marriage, the number of previous children by the present or previous marriages, and the number of such children living. In the case of a death, the questions will be, for a male, his marital status, for a married woman, the date and duration of her marriage and the number of her children by her husband or any former husband, and for married persons of either sex, the age of the surviving spouse. This schedule provides for the greater part of the essential information, though completeness will still be prevented by the special privacy accorded to the unmarried mother and, perhaps, by the restriction that only such information as is within the knowledge of the person making the registration may be demanded. Mr A. P. Herbert, whose speech in opposition to the second reading of the Bill played the largest part in inducing the Minister to amend it, is reported to have stated that he will support the amended Bill, and if it now has an easy passage to the Statute Book, the Englishman's objection to prying questions will have been triumphantly demonstrated, without the Government being deprived of the information that is needed on this important topic.

* * *

A Road Accident Inquiry.—In a debate on road accidents in the House of Lords on Wednesday, the Government accepted a motion to appoint a Select Committee of the House to inquire into the problem, and make recommendations for reducing the number of casualties. There is no doubt that the public conscience has not yet been sufficiently stirred by the appalling figures of deaths and maimings on the roads, and the Select Committee will perform a service in crystallising opinion. Unfortunately, however, the debate showed how difficult it will be for any representative Select Committee to reach unanimity on proposals for betterment. Opinions—or perhaps it would be more accurate to say prejudices—are, in fact, sharply divided into two camps. The three first speakers in the debate, the Bishop of Winchester, Lord Newton and Lord Ponsonby, blamed the motorist, and Lord Ponsonby, after saying that he was "perfectly sure" that it was not the roads but the human factor that was the key to the position, went so far as to say that widening roads merely increased the number of accidents. Later speakers, on the other hand, acquitted the motorist and placed the blame on "road starvation." The difficulties are further illustrated by figures contained in an analysis of 100,000 road accidents made by the

Ministry of Transport. Of the total, 45 per cent. are blamed on the drivers or riders of vehicles (including pedal cyclists), and the most frequent single fault is "emerging or turning from one road into another without due care." Excessive speed, which bore the full weight of the censure of the anti-motorist peers, is given as the cause of only 4.4 per cent. of the accidents. On the other hand, bad road conditions share an omnibus item with the weather and mechanical defects, and the three in combination only account for 8.7 per cent. But it is also true that many of the accidents blamed on drivers, especially the large number which occur at road junctions, would not have happened with better roads.

* * *

A Separate Film Quota?—The Committee stage of the Films Bill continues its slow progress. Some freakish propensity among different sections of the film trade seems to be responsible for the erection of hurdles in unexpected places and at unexpected moments. Last week was devoted to the Films Commission; this week the separate quota has been under consideration. Future sittings will be devoted to the viewing panel; and a full-dress opportunity will no doubt be created on some other occasion for the discussion of film reciprocity. Meanwhile the shadow of next March 31st looms ominously ahead. On Thursday of this week Mr Oliver Stanley had no difficulty in exposing many of the fallacies which envelop the specious and superficially attractive scheme known as the separate quota. When it was first mooted a few weeks ago we suggested that splitting the quota might prove as difficult as splitting the atom. We believe the promoters of the scheme did not realise how serious was the fallacy on which their scheme was based, and on which it must ultimately founder. Protection by quota is totally different from protection by tariff. The efficacy of tariff protection ultimately depends on power to shift its incidence on to the ultimate consumer. There is no analogous power in the case of quota protection. A monopoly is doubtless created for a portion of the entire market, though even in this *enclave* the object of the producers will be realised only if prices to exhibitors can be raised to a point at which a margin of profit can be realised in the home market. It is, however, of the essence of the Government's scheme, as it was of the expiring Act, that the exhibitor can plead, in defence against any prosecution for quota default, that the prices at which films might have been procured were too high to be remunerative. There has never been, and there can never be, any power to coerce the public to pay for admission to cinemas to see films they do not want; and without this inflation of revenues the protection will be ineffective. A further objection made by Mr Stanley in the strongly reasoned speech to the Committee, in which he advised the rejection of the plan, was the fact that British renters would have two kinds of films, one kind consisting of those made to satisfy renters' quota, and a second of those designed to satisfy exhibitors' quota. As the qualification of each would be the same, there would be a natural tendency for the better films to be registered for renters' quota, and the worse films for exhibitors' quota. If this happened, it would be difficult to contemplate prosecutions against exhibitors for default when in fact they had been showing the better British films which were not technically eligible for statutory quota. Experience seems again to be emphasising the danger of last-minute proposals.

* * *

The Mailed Fist at Shanghai.—In contempt of the most earnest entreaties to refrain, the Japanese did, after all, carry out their "victory march" through the International Settlement at Shanghai on Friday of last week. Apart from the juridical aspects of the case, it was a provocative act, considering that the International Settlement has a huge Chinese population, swollen during

the last few months by thousands of the innocent victims of the aggression which the "victory march" was to celebrate. The Japanese Army was deliberately imposing on the International Settlement Police a virtually impossible task; and although the police did wonders, it was beyond their power to ensure that there should be no "incidents." In fact, there were three, the most serious being the throwing of a bomb by a Chinese spectator at the Japanese troops as they marched past. Luckily the bomb caused no fatal casualties; a Chinese policeman shot the bomb-thrower, and a Scottish policeman interposed himself as a screen between the exploding bomb and a Japanese spectator. For a time it looked as though, nevertheless, the Japanese Army were going to seize upon this pretext for occupying the southern part of the International Settlement—as they have already occupied the northern part (Hongkew) since the beginning of the present hostilities. The Settlement Commissioner of Police (a British subject, Mr F. W. Gerrard) finally induced them to withdraw after a long argument. Their declared intention to carry out another "victory march" through the French Settlement has been successfully resisted by the French authorities on the ground that the Japanese have no legal status there (as they have, of course, in the International Settlement, as one of the nations with a share in its administration). Even the French, however, have been compelled to concede a right of way through their Settlement to a train of Japanese military lorries. On Tuesday the Japanese military again invaded the Settlement to abduct several Chinese guests from a British-owned hotel. For this action what might pass as an apology was given and the prisoners were released. The Japanese civil authorities, in the persons of the Consul-General at Shanghai and the Foreign Minister at Tokyo, are attempting to maintain the forms of legality and have announced that future relations between the Army and the Settlement authorities will be handled through diplomatic channels. But it is all too clear that the constitution of the International Settlement, always precarious, now lies at the mercy of the Japanese military.

* * *

Italy Leaves the League.—The Fascist Grand Council has been summoned to meet in extraordinary session on Saturday, and there are the most circumstantial reports that its business will be to approve Italy's resignation from the League of Nations. Two years ago Italy's withdrawal from Geneva might have had considerable political importance. Now it has none. Indeed, it is difficult to understand why, after so many hesitations, Signor Mussolini has decided on the retreat from Geneva at precisely this moment. It brings Italy no advantages, since she could avoid China's pending protest against her recognition of Manchukuo by merely refraining from attending, as she has done for two years past. And it brings the small disadvantage to Signor Mussolini that it removes one of his regular opportunities for demanding the recognition of the Abyssinian conquest. The explanation is probably to be found in pressure from the other two corners of the anti-Communist "Triangle," who presumably feel uncomfortable at even the slightest tribute paid by international vice to international virtue. To the League, Italy's resignation will bring few regrets, save that the decision was not made to expel her at the time of her conviction as an aggressor.

* * *

France and Poland.—M. Delbos' tour of France's European allies has now taken him from Poland to Roumania. Little though we may know about what passed between the French visitor and his Polish hosts, there is one conclusion of importance which can be accepted without hesitation. M. Delbos has been a great deal more successful than his unfortunate predecessor, M. Barthou, who was the last French Foreign Minister to tread the East European road. M. Delbos has had a

delicate and difficult task. One of his most formidable obstacles was the memory of M. Barthou himself, who had both alarmed the Poles by trying to drag them into an anti-German front and incensed them by an irritating assumption that it was Poland's business to follow France's lead. Both these pitfalls have been avoided by M. Delbos. Moreover, Herr von Neurath did France as well as Germany a very good turn by his happy stroke of statesmanship in paying a call on M. Delbos in his railway carriage in Berlin. This improvised Franco-German meeting will, it is to be hoped, be the prelude to more leisurely conversations between the same two parties; but, in any event, the meeting in Berlin has already done a service to the cause of European peace. It enabled M. Delbos to continue on his way to Warsaw without appearing to be bent upon either encircling Germany or compromising Poland. Hitherto, French policy has been directed to providing security for all European countries except Germany, and German policy to breaking up a system of security from which Germany was excluded. Cannot France and Germany agree upon a joint pursuit of security for everybody? That would certainly suit the Poles, who want neither on the one hand to encircle Germany, nor on the other hand to be dominated by her. One particular question that is known to have come up at Warsaw was that of finding outlets for emigration, and supplies of tropical raw materials, for densely populated Central and East European countries. In this matter, Poland and Germany have parallel interests; but Poland appears to be eschewing all claims to the acquisition of colonies for herself, and to be concentrating upon the possibility of forming special connections with colonial territories under the flags of other nations. Thus, almost at every turn Africa is found at the heart of European problems.

* * *

Non-Intervention and Dis-Intervention.—The Sub-Committee of the Non-Intervention Committee met again on Tuesday at the Foreign Office in order to consider the replies from the two combatant parties in Spain to the Committee's proposal for a withdrawal of foreign troops on both sides. It appears that, in the Sub-Committee's opinion, both the replies can fairly be regarded as "acceptances in principle." From principle to practice, and from words to acts, is usually a far cry in the field of international affairs—as is witnessed by the Abyssinian tragedy among other miserable dramas that have been played out to sorry conclusions on the diplomatic stage during the past few years. It is possible, and perhaps even probable, that the war in Spain will be over before the Committee's withdrawal-scheme is ever

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launched. Still, the Sub-Committee's findings this Tuesday do mark one step forward in the elaborate minutiae of diplomatic procedure; and it is one of those formalities that have a claim to be recorded.

* * *

Prosperity Programmes in America.—The American Government is still earnestly preoccupied with the methods of putting a stop to the business recession which has come upon the country with such surprising swiftness. It is barely two months since President Roosevelt summoned Congress into special session in the obvious belief that with public opinion behind him he could persuade it to enact further instalments of the New Deal. But so quickly have conditions changed that Congress with public opinion behind it is forcing him to abandon one tenet of the New Deal after another in the attempt to placate business and start the indices once more moving upwards. For the present at least, the President's leadership has almost lapsed. He has gone far towards meeting the ideas of Wall Street and Big Business, but not far enough to placate these implacable enemies. Unfortunately, as we commented last week, the need to placate the Opposition seems to be stronger than the need to cure the recession. The housing message, for example, was well received by the conservative elements, especially for its hint of the need for lower wages, but it will probably be less successful in getting houses built. Similarly in the field of the Budget, business opinion appears to demand at one and the same time the balancing of the Budget and the repeal of taxes which, whether or not they are just, are certainly productive of revenue. The result seems likely to be the cutting-down of expenditure and the imposition of new taxes, and it is highly unlikely that these two deflationary blacks will make a reflationary white. Mr Wallace, the Secretary of Agriculture, has outlined a seven-point plan for recovery, consisting of a revival in housing; revision of taxation "to cure injustice but to maintain revenue"; maintenance of farm purchasing power; maintenance of the purchasing power of labour "by the formulation of a sensible labour programme"; "assurance of an abundant supply of cheap credit and capital by a healthy securities market"; provision of Government capital in case of need to carry the burden until private capital takes over; and the continuance of a careful approach for the revival of world peace and world trade by a reciprocal trade programme. This outline is verbally impeccable; but different interpretations might be put upon every item in it. Mr Wallace has not lightened the prevailing obscurity. The plain truth is that a sharp trade recession had no place in the Administration's outlook. Mr Roosevelt has been caught off his political and economic balance, and in both spheres he is still floundering.

* * *

Less Capital Abroad.—Sir Robert Kindersley has returned with vigour to his theme of the dangerous depletion of British investments overseas. In the latest of his annual surveys he estimates that the total nominal value of our overseas investments fell by £24 millions to £3,764 millions in the course of 1936. He had already published figures showing that redemptions and repayments exceeded new issues in that year by £46 millions, the balance being partly restored by other newly-acquired capital. It is true that, thanks to higher commodity prices and trade recovery, the income from our capital abroad rose from £159,200,000 in 1934 to £171,600,000 in 1935 and £184 millions in 1936. Mining and rubber dividends have more than doubled since 1934, and even the interest on foreign loans has risen slightly. But Sir Robert Kindersley points out that the quality as well as the quantity of total overseas investment is falling off. In 1936 holdings of Empire loans declined by £57 millions, whereas the post-slump increase in the nominal value of foreign loans has largely consisted of the involuntary conversion of unremitted in-

terest into capital. Mining enterprise is the only category in which commercial investments abroad have appreciably increased since the depression. Sir Robert's warning cannot be ignored. It was the considered conclusion of *The Economist's* Supplement on British Capital Abroad (published in the issue of November 20, 1937) that unless our overseas investment is at least maintained intact, a readjustment of our industrial structure and our national standard of life must sooner or later become necessary.

* * *

Milk Prices.—When the Government announced its plans in July for continuing the subsidy in aid of the price realised by milk going into manufacture, it was met by the furious and indignant objection of the National Farmers' Union. The objection was not to the receipt of public money; it was an objection in principle to the Government's refusal to place duties on imported dairy products. The Minister of Agriculture has now filled in some of the details in his proposals, and it is discovered that the opposition of the N.F.U. has been very considerably abated; high principle has, in fact, yielded to financial persuasions. The standard prices which are to be "insured" have been raised from 100s. per cwt. in the case of butter to 112s. in summer and 120s. in winter, and from 56s. per cwt. of cheese to 62s. 6d. in summer and 67s. 6d. in winter. The quantities to which the subsidy is to apply are specified as being 125,000,000 gallons per annum in each case. These are high prices—the present level is 133s. and 70s. 6d. respectively—and the gallonage is more than went into these uses in the twelve months ended September 30th. Moreover, the earlier proposal to reduce the subsidy by a "tapering" process over a period of years is now made subject to review, which probably means abandonment. Thus the familiar story of subsidies looks like being repeated: they get higher and more permanent as time goes on.

* * *

Production in France.—The recommendations of the General Committee on Production in France have still to be made public, but confident forecasts suggest that a feasible compromise may have been found between the social importance of retaining the basic elements in M. Blum's New Deal in industry and the indisputable need for a greater rate and volume of industrial production. It is well known that the Government's plans for amending the incidence of the forty-hour week have already been prepared. In recent weeks, revisions have been made to permit longer hours in retail trade and certain categories of mining; and it is expected that the Committee's conclusions will be on similar lines. There can be no question of abrogating the principle of the forty-hour week, so long as the Popular Front remains relatively intact—especially when the improvement in time-rates of payment due to the reduction of hours from 48 to 40 has been wiped out by the depreciation of the franc. The Committee is likely, however, to suggest the working of overtime in industries, such as mining, where labour is short and production is lower than is required by France's industrial and commercial needs. Industries in process of reorganisation will be similarly served by some temporary relaxation in the present rigid application of the forty-hour principle. The forty-hour week will thus be retained as the foundation of French industrial legislation, and suspended only under strict safeguards for a limited time, to tide over the current emergencies which press hard upon France's balances of trade and payments. Some compensation is likely to be given to the trade unions in the form of improved working or living conditions; and overtime payments will be made reasonably attractive. Only when the exact proposals of the Committee are made known will it be possible to estimate the doubtful factor, that is, their quantitative effect in lightening the Government's task of restoring the equilibrium of the national economy.

New Commonwealth Parliament.—A post-election reconstruction of Mr Lyons' Cabinet was made necessary by the defeat of three Ministers at the polls and the retirement of two others. The most interesting appointment is that of Mr W. M. Hughes as Minister of External Affairs, whose return to such a position will, no doubt, be taken as a gesture of moral re-armament. The balance of the Cabinet between the United Australia and Country Parties is scarcely altered. The programme of legislation outlined in the King's Speech includes the adoption of the clauses of the Statute of Westminster which have not hitherto applied to Australia, the institution of national health and pensions insurance (on which Australia recently had the advice of British official experts), and the establishment of a mortgage bank department of the Commonwealth Bank. The States are to be consulted afresh with a view to framing a scheme of national unemployment insurance. The most important issue in the debate on the Address (in striking similarity to the recent debate at Westminster) has been the Labour Opposition's argument that a trade recession cannot be far off and should be parried by a programme of public works financed by loans.

* * *

By-Election Portents in Canada.—Two by-elections of critical importance have just taken place in Western Canada. The announcement of formal Anglo-American trade negotiations brought the vigorous intervention of Mr Bennett in the Federal by-election in Victoria, British Columbia, and made of it a test-case for the Liberal Government's freer trade policy. In the Liberal landslide election of 1935, the Liberal candidate had come last in a three-cornered contest; now, with the same three parties in the field, the Liberals won the seat for the first time for thirty years. Mr Mackenzie King claimed for this decisive result that it meant that the days of economic nationalism and economic imperialism were past for Canada. Certainly Mr Bennett's view that there must be no tampering with the Ottawa preferences could not have met with a flatter rebuff. The provincial by-election at Lethbridge, Alberta, though neither so important nor so convincing, was of interest as showing the trend of Albertan opinion about the Social Credit Government. The Social Credit candidate had had a clear majority of 800 over three other candidates in the General Election. On this occasion the Opposition presented a united front, and won the seat by well over 700 votes. A turnover of 20 per cent. of the poll should be a great encouragement to Mr Aberhart's opponents.

* * *

Shipping Rates Fall.—The steep rise in shipping freight rates between the summer of 1936 and 1937 gave way to a headlong decline in October. Between September and November our index of freight rates fell by no less than 14 per cent. Thus, the reluctance of shipowners to place new orders for merchant vessels at current prices can be readily understood. The sudden decline in freight rates has been caused by the deterioration of the international situation since last summer, accompanied by a persistent fall in the prices of primary products. Incidentally, the prices of primary products took a downward turn six months earlier than freight rates.

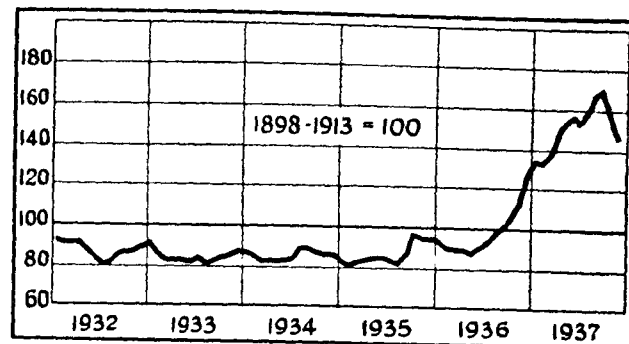
The Economist INDEX OF FREIGHT RATES
(1898-1913=100)

	Average, 1913	Nov., 1936	August, 1937	Sept., 1937	Oct., 1937	Nov., 1937
European waters	110.0	126.1	178.7	180.6	181.3	164.2
North America	113.1	100.1	125.9	146.8	143.5	130.2
South America	123.4	102.9	154.2	159.2	148.6	125.0
India	106.3	123.1	180.2	186.4	177.9	161.9
Far East and Pacific ..	117.4	113.5	170.6	180.8	171.5	149.1
Australia	127.9	108.6	161.1	165.0	158.8	146.3
Total	116.3	112.4	161.8	169.8	163.6	146.1
1913 = 100	100.0	96.6	139.0	145.0	140.7	125.6

As the next table shows, none of the leading trade routes escaped the decline in freight rates between October and November:—

	Index No.	Inc. or dec. Points		Index No.	Inc. or dec. Points
Home trade	128.3	- 3.4	South America:—		
Bay—outwards	187.2	-23.8	Outwards	77.8	-21.6
Bay—homewards	251.6	- 3.2	Homewards	172.3	-25.5
Mediterranean:—			India—outwards	134.7	- 8.3
Outwards	103.0	-33.1	India—homewards	189.1	-23.8
Homewards	186.6	-36.2	Far East, etc.	149.1	-22.4
North America	130.2	-13.3	Australia	146.3	-12.5

The extent of the rise of rates in 1936-37 and of the decline since September is shown graphically by the accompanying chart:—



Despite the sharp decline since September, our index of freight rates for November is still 61 per cent. above the level of June, 1936. Unfortunately, the possibility of a further decline cannot be ruled out. Consequently, a marked increase of shipbuilding orders in the near future can scarcely be expected.

* * *

Still More Cotton.—The sixth official estimate of the yield of the cotton crop in the United States ran true to form by showing a further substantial increase over the figures given in the preceding forecast. Beginning with a forecast of 15,593,000 bales in August, the United States Department of Agriculture has steadily raised its estimates to 18,243,000 bales in November and 18,746,000 bales this week. This is the heaviest crop ever harvested in the United States, the former record being 17,978,000 bales in 1926. The area under cotton was considerably smaller than in former years, but favourable weather conditions and a liberal use of fertilisers—encouraged by the restriction of acreage—produced an abnormally high yield per acre, estimated at 264.6 lbs., against 197.9 lbs. last year. As we pointed

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out in a survey of the cotton position in *The Economist* of November 27th (pages 408-9), this season's world supplies of the textile fibre are likely to reach 51 million bales, while consumption is unlikely to exceed—and may even fall below—last season's total of some 30 million bales. In these circumstances, the outlook for prices will be definitely discouraging in the absence of wholesale destruction and some curtailment of output next year. The markets have taken the addition of another half-a-million bales to the anticipated yield of America's crop with calm, for prices were left practically unchanged. What does it matter if a molehill be raised on the top of a mountain?

Wages and the Cost of Living.—That the marked rise of the cost of living since last spring, though partly seasonal, is causing anxiety is revealed by the controversy which recently found an echo in Parliament. On behalf of the Government it is said that a rise in prices was inevitable during economic recovery, and that employment and the purchasing power of wages are both much greater now than in 1931. The critics, on the other hand, base their arguments mainly on the admitted fact that the cost of living has recently tended to increase faster than wage rates, with the result that the purchasing power of wages is declining. In order to show recent developments in perspective we have prepared the accompanying diagram, indicating the trend of the Ministry of Labour's index of weekly wage rates and its cost-of-living index during the past ten years. Both indices have been based on 1929, the peak of industrial activity in the preceding trade cycle. The official cost-of-living index is admittedly inadequate, and the index of wage rates does not take account of changes in short-time or overtime work. The two indices, therefore, provide only a broad indication of the trend. With all their imperfections, however, the figures do throw valuable light on a matter of public importance, and they suggest, paradoxically enough, that both parties to the controversy have reason on their side. Apart from the increase in employment since 1929, the index of wage rates is still considerably ahead of the index of the cost of living. On the other hand, as the curve of the cost of living has risen much more rapidly than weekly wage rates since last spring, the purchasing power of wages has lately tended to decline. If the recent trends of wage rates and the cost of living con-

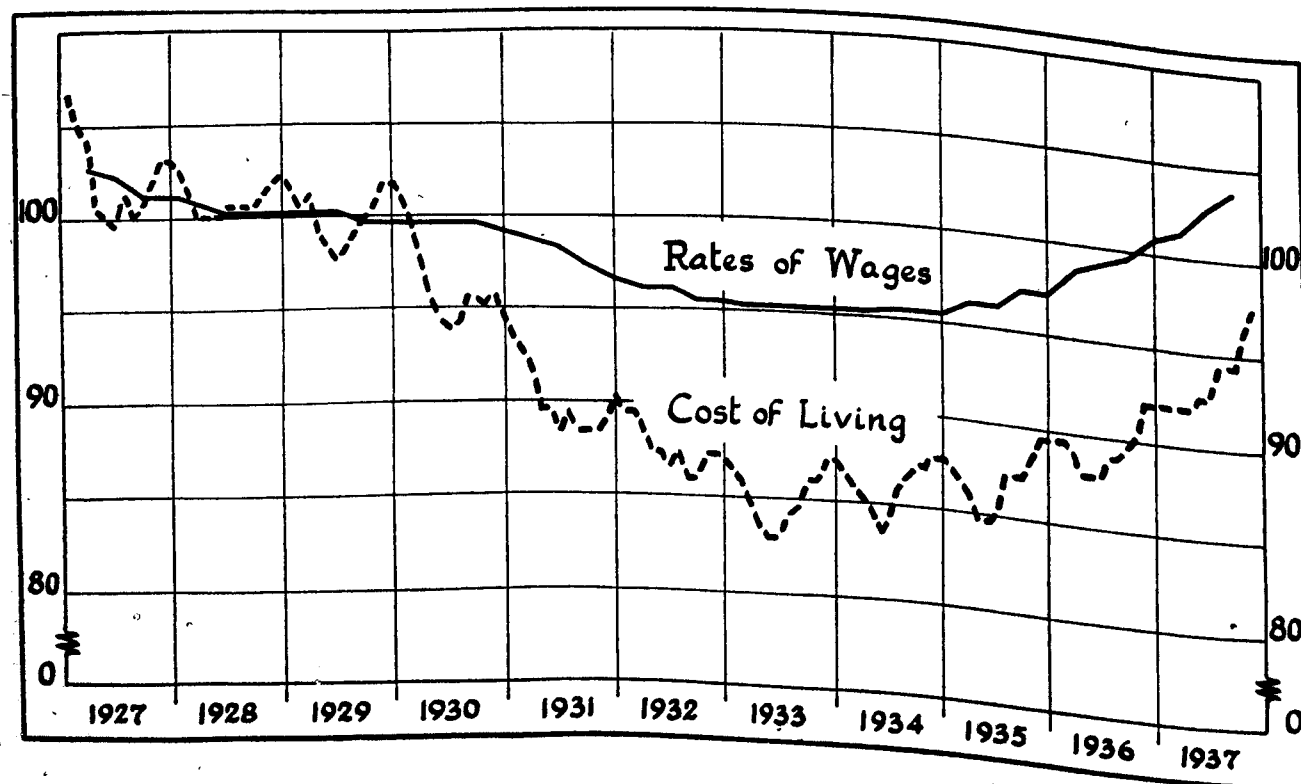
tinued much longer, the gain in real wages per head since 1929 would soon be lost. There are indications, however, that the rise in the cost of living may be arrested, or even reversed, before very long.

November Employment Figures.—The decline in the number of persons employed continued at an increased rate during the past month. As we suggest in a comment on page 519, it cannot wholly be explained by seasonal factors. Between October and November, 1936, the number of insured persons aged 16 to 64 in employment in Great Britain rose by 17,000, while this year it fell by 86,000 to 11,573,000. There were, however, 353,000 more persons employed in November, 1937, than in 1936. A year ago the number of unemployed persons on the registers of the employment exchanges rose from 1,611,810 in October to 1,623,602 in November—an increase of 11,792. During the same period this year the figure increased by 108,954 to 1,499,203. Over the year the number of men and boys has increased; the total number shows a decrease of 69,860 over November, 1936.

Industrial Group	Number in Thousands			Percentage	
	Nov. 23, 1936	Oct. 18, 1937	Nov. 15, 1937	Nov. 15, 1937	Change since Nov. 23, 1936
Coal mining	161.7	114.6	102.9	11.9	- 6.2
Engineering	47.3	41.1	42.9	5.2	- 1.1
Road transport	32.3	24.5	26.7	10.5	- 4.2
Shipbuilding and repairing	40.2	35.7	36.2	20.9	- 4.0
Building	145.9	124.3	142.9	13.8	- 0.5
Public works contracting	119.3	105.3	107.6	36.6	- 4.6
Cotton	57.1	39.4	50.0	12.2	- 1.4
Woollen and worsted	14.8	26.8	36.0	16.1	+ 9.5
Tailoring	25.5	24.3	30.3	14.1	+ 2.0
Hotel, boarding-house, etc., service	76.1	70.7	79.6	17.9	+ 0.4
Distributive trades	188.9	171.6	175.8	8.5	- 0.6
All persons registered (including other trades)	1,623.6	1,360.2	1,499.2	...	...

Employment has improved in the coal-mining industry since October, but all other industries show a decline. The improvement over the position a year ago is maintained in the heavy industries, but unemployment showed an increase in woollen and worsted textiles, and in tailoring and hotel service. Unemployment has increased in all the administrative divisions except Wales.

INDICES OF WAGE RATES AND THE COST OF LIVING
(Average of 1927=100)



Overseas Correspondence

From Our Special Correspondents

United States

Agricultural Rewards and Penalties

NEW YORK, November 30.—The Farm Bill now before Congress promises to establish a new record for length and complexity. Discussion in Congress has certainly not clarified it to the public; and the Press, much more preoccupied with the severity of the business recession, has given it less attention than it merits. The Bill proposes a control of agricultural output. It provides quotas; and the farmer marketing in excess of his quota is liable to a heavy fine. If he adheres to his quota, the farmer is eligible for soil conservation benefits and commodity loans, as well as the advantage of a "parity" price.

Although it has been deemed *ultra vires* for Congress to control production, the present Bill, which covers marketing, is brought under the provision of the Constitution which authorises Congress to regulate inter-state commerce. In the maintenance of the parity price, the Bill includes the principle of the ever-normal granary, and apparently contemplates occasional dumping of surpluses on world markets. The proposal clearly involves heavy subsidies, but these are not specifically provided for in the Bill; and no estimates have been submitted. The Bill merely authorises the appropriation of "such sums as are necessary." The estimates run from \$500 millions upwards. The essence of the Bill appears to be price fixing for a number of agricultural commodities, buttressed by control of production and/or marketing, enforced by penalties and subsidies.

Public Control in Wall Street?

While the Agricultural Bill is probably the more important event, the recent formal statement of the Chairman of the Securities and Exchange Commission is more interesting to Wall Street. The New York Stock Exchange is an association, rather than a corporation—that is, seats on the exchange represent membership rather than share holding. As an association it has made its own rules of practice and undertaken the enforcement of its own rules. The statement, quite accurately, compares it with the management of a club; and recommends that executive responsibility, instead of being entrusted to the members, should be "in charge of those who have a clearer public responsibility." "Any realistic approach to the problems confronting the Exchanges must soon meet the question whether the Exchange should attempt to provide a livelihood for their present huge memberships. In short, are the Exchanges attempting to feed too many mouths?" The personnel of Wall Street, although much smaller than a decade ago, requires for its maintenance a volume of transactions rather above the average of recent years, and this condition has been reflected in the price of Stock Exchange memberships, which this year have not only sold for far less than their prices of ten years ago, but at about the figures at which seats changed hands in the depths of 1932.

Certain proposals have recently been put forward by the President regarding the utilities, whose condition becomes continuously more critical as earnings ratios fall. In this country, rates are established by the utilities, subject to approval of State power commissions; the rate structure is supposed to represent a "fair" return on the investment. The present controversy concerns the percentage that represents a "fair" return, and the

value of the investment to which this percentage applies. According to the Press, the President has suggested that the valuation for rate making be reduced by \$1,000 millions or \$1,500 millions. The total present valuation lies in the vicinity of \$12,000 millions.

Decline in Business

The Federal Reserve Board's Business indices for October are now available.

	BUSINESS INDICES (1923-25=100. Adjusted for Seasonal.)			
	Oct., 1936	Aug., 1937	Sept., 1937	Oct., 1937
Industrial Production	110	117	111	103
Manufactures	111	118	110	101
Minerals	105	112	115	113
Construction Contracts	57	63	56	50
Residential	43	40	37	36
All Other	69	81	71	62
Factory Employment	94.4	102.4	100.7	98.3
Factory Payrolls	89.0	103.8	100.1	100.2
Freight Car Loadings	77	79	78.5	76
Dept. Store Sales	90	92	94	93

In October, 1937, all items were below October, 1936, except employment, payrolls, and department store sales. This was expected, and probably indicates a considerable increase in labour costs per unit of output. Up to October, the decrease in employment was just under 4 per cent.; and in an industrial working group of about 10 millions, would suggest an increase in unemployment of about 400,000.

The group indices show more clearly the severity of the decline.

	Oct., 1936	Aug., 1937	Sept., 1937	Oct., 1937
Iron and Steel	127	142	125	100
Textiles	114	115	108	91
Meat Packing	105	78	87	89
Automobiles	93	157	135	*
Leather and Shoes	112	109	97	90
Tobacco	146	159	162	155

* Not available.

Foreign trade figures for October once again show rising exports and falling imports. Both imports and exports are larger than a year ago, but imports have been steadily falling and exports rising during the past seven months.

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In the last four weeks, the Reserve Banks have been pursuing an open-market buying operation, as follows:—

	(\$'000,000)		
	Holdings of U.S. Securities	Currency In Circulation	Member Bank Reserves
October 27	2,526	6,519	6,951
November 3 ...	2,526	6,565	6,889
" 10 ...	2,537	6,564	6,879
" 17 ...	2,555	6,534	6,922
" 24 ...	2,564	6,554	6,949

It is possible that this is directly associated with the currency demand which, while rather erratic, can commonly be looked for at this time of year. At all events, during the past month, member bank reserves have been maintained, and there has been an increase in currency. In spite of this open-market operation, and the gold destitution of September 13th, the total loans and investments of the reporting member banks continue to move downward—a decline largely attributable to the contraction of brokers' loans in the bear market.

France

Increasing Debt

PARIS, December 9.—The general report of the Chamber on the 1938 Budget lays stress on the persisting deficit and the increase in the public debt. The deficit has risen by 70,000 million francs in five years:—

	(Francs)	
	Deficit Mill.	Debt Mill.
1932 (9 months)	4,628	285,486
1933	11,509	299,899
1934	8,812	318,955
1935	10,383	337,872
1936	7,744 (?)	355,167
1937	7,000 (?)	...

If the debts of the public undertakings are added, the total debt would now be about 500,000 million francs.

The Budget, which is being voted rapidly by the Chamber, is balanced on paper as follows:—

	(Francs) Mill.
Receipts	54,251
Expenditure	52,691
Surplus	1,560

But more than this surplus has already been allotted to increase the wages and salaries of civil servants, a charge which will cost 1,700 million francs.

This statement does not include the whole public expenditure. The following "budget" should normally be added to the ordinary Budget:—

	(Millions of francs)
Caisse Autonome	5,300*
Pension fund	2,300†
Posts, Telephones and Telegraphs	4,000*
Normal military expenses which have been transferred to the extraordinary Budget.....	2,500†
	14,100

* To be covered by individual receipts.
† To be covered by loans.

The 1913 Budget was 5,000 millions, or 50,000 millions in terms of the present franc, but the national revenue has been severely affected by war and successive crises. The most recent taxation returns, though higher than those of preceding months, are lower than might normally have been expected after the rise in prices and the increases in the rates of tax. A balanced Budget can only be obtained by an increase in general economic activity. Some modification of the 40-hour week has just been announced in the retail trade (excluding provisions), and provisional measures to allow overtime in coal and iron mining have been taken. But any drastic change in the immediate future seems improbable. Some help may be derived from exports, since the last devaluation

brought French prices some 5 to 15 per cent. below world prices. But fresh internal steps, such as the 25 per cent. increase in transport charges, will be reflected in prices; and the 40-hour week, even if modified, may prevent industry from deriving any considerable advantage from this favourable prices situation.

Mixed Outlook

These considerations explain why, although the franc remains firm because of the heaviness of the dollar and the return of capital provoked by the needs of private industry, the Stock Exchange is still lifeless. If the Treasury issues a loan, it must offer 5 per cent. for 3-6-9 years, which represents a yield of 6½ per cent. In spite of the courageous efforts of M. Bonnet to improve the finances, in spite of the return of capital, and in spite of the reimbursement of the British loan (which led to an increase in the gold of the Bank instead of an increase in the advances of the Bank to the State) the Government is still divided between the supporters of free and controlled exchanges, who only agree in asking how the State is going to find the 26,000 million francs which will have to be borrowed in 1938.

On the other hand, the present political situation seems to have been consolidated by recent events, and notably by the failure of an attempt by the Socialists and Communists to form a united party. The counter-part of this failure is the support given to the syndicalist Confédération Générale du Travail (which has lost a number of its members) by the Government. Moreover, the threat of a dissolution in the event of a new financial crisis is an encouragement to the Socialists to be prudent.

Germany

The Power of the Plan

BERLIN, December 8.—General Goering last week decreed as a permanent measure that full wages must be paid by employers for the following holidays: New Year's Day, Easter Monday, Whit-Monday and the two Christmas holidays. This measure supplies a striking instance of the manner in which the Four-Year Plan organisation is ousting or subordinating the economic Ministries. Formerly such an important reform would have required either a new law (which under the National-Socialist system would have taken the form of a Cabinet decree) or at least an ordinance of the competent Minister under some empowering law. But this measure, though it concerns all employees, among which as an "eleventh decree for the execution of the Four-Year Plan," and is issued under the special powers of General Goering as Commissioner for the Plan.

It seems certain, and indeed appears from statements by General Goering and various party organs, that not only the Ministry of Economy but also the other economic departments, finance, communications, etc., will henceforth execute the orders of the Plan. So far, however, their competence has not been formally curtailed. Assurances continue to appear that Dr Schacht will remain at the Reichsbank and that he may continue to advise Herr Hitler.

The Nazi Party was long unfriendly to the Bourse, which it regarded as an instrument of predatory speculation conducted in the so-called "Jewish-International" interest. The number of Bourses was reduced. There has been a fall in the number of companies officially attendants at the Bourse and their employees. Last Reichhart, who as a Government nominee must voice official views, delivered an address which was considered to be emphatically friendly to the Bourse. Herr Reinhardt defended "speculation" as a practice that has useful functions; and endorsed the view expressed by defenders of stock exchanges everywhere that trading for future settlement tempers extreme fluctuations.

Herr Reinhardt announced that the futures market,

which was closed in 1931, would be restored at some unstated date. Emphasising the value of the Bourse, in particular for Reich financing purposes, Herr Reinhardt made the "totalitarian" demand that security dealing, which is at present largely conducted directly by the banks, should be made a Bourse monopoly. The stagnation of the official Bourse is attributed to heavy outside dealing. It is even claimed that the real prices of shares are determined by the supply and demand outside the Bourse, whose official quotations merely endorse these prices.

Share Decline and Food Shortage

The prices of industrial shares again declined last week and early this week. Fusion of the three chief companies in the Salzdettfurth concerns, rumours of which caused potash stocks to rise against the generally weak trend, has been officially announced. The Westeregeln and Aschersleben companies will be absorbed by the Salzdettfurth A.G. The pure potash undertakings and the potash-preparation undertakings will be organised in separate subordinate companies. In the three balance sheets of December 31, 1936, the sterling loan, which is booked at the old exchange of 20.40 marks to the pound, appears as follows: Westeregeln Rm. 9.83 millions, Aschersleben Rm. 13.24 millions and Salzdettfurth Rm. 8.24 millions, making in all Rm. 31.31 millions. The full total, including the other companies in the concern, appears to be Rm. 37 millions.

The index of wholesale prices stood on December 1st at 105.6, against 105.5 on November 24th. Two of the hitherto permitted standard wheaten flours have been abolished by an ordinance of the Reich Nutrition Corporation. The effect is to establish a single quality of flour. Official valuations of the combined food and fodder crop of 1937 are relatively satisfactory, and the large potato crop is specially important. The area under maize has recently increased rapidly. The oil seed crop was 21 per cent. smaller in 1937 than in 1936; but the flax and hemp crops increased substantially. The supply of necessities in Berlin is unsatisfactory. Fresh eggs are unobtainable, and other eggs can usually only be got in twos or threes. The largest Berlin shops are without bed linen, and they state that none will be available this year. Owing to the inability of the Press to report supply conditions, it is impossible to say whether there is the same shortage outside Berlin.

World Prices and Foreign Trade

On December 1st the import duty on rubber, gutta-percha and balata was increased from Rm. 125 to Rm. 160 per double centner. This measure is a result of the drop in the world market price. The duty was first imposed in May, 1937, to protect and to yield capital for the synthetic Buna rubber industry. The annual yield was then estimated at about Rm. 110 millions. At the new rate of duty, and on the basis of the actual import of rubber, which has lately increased, the yield should reach about Rm. 150 millions. The production of electricity in October was 19 per cent. higher, and of gas 7½ per cent. higher, than in October, 1936. The output of private motor cars in October was 29 per cent. higher, and of commercial cars 37 per cent. higher, than in October, 1936.

Imports of iron and steel and iron and steel goods (other than machinery) increased in October to double the recent lowest figure; and exports, which declined in September, also rose slightly. In the first nine months of the year, exports of heavy iron and steel were practically the same as in the corresponding period of 1936; but there was a sharp drop in exports of pig iron and semi-finished products, and exports of bars, sheets, tubes and wire increased. Data in the recently published steel industry year-book prove that the present shortage of iron and steel is due to increased demand. In 1936 the per capita supply of iron, after allowance for imports and exports, was 274 kilogrammes, against 240 kilogrammes in 1929 and 81 kilogrammes in 1932. The greatest increases were in bars, joists, sheets and tubes.

Switzerland

Continued Progress

GENEVA, November 24.—The improvement in the economic situation continued and was even emphasised during the third quarter of the year, when activity in all branches of trade and industry was greater than it had been for six years. In the first nine months of the year the value of imports rose by 64 per cent., and of exports by 51 per cent., compared with the same months of 1936.

VALUE OF FOREIGN TRADE (In Swiss francs)

	Imports		Exports	
	1936	1937	1936	1937
1st quarter...	268,501,649	454,911,769	192,406,928	264,099,456
2nd quarter...	273,511,531	474,805,796	203,803,506	314,822,997
3rd quarter...	279,798,307	419,131,006	210,327,785	338,297,764
	821,811,487	1,348,848,571	606,538,219	917,220,217

The average monthly value of exports was 101,913,356 francs, a figure not equalled since 1931.

The improvement is noticeable in exports of the four chief industries of watchmaking, silk, cotton, machinery. Together they show a rise in the value of their exports of about 60 per cent. over last year.

Trade with five principal countries was as follows:—

	Imports from		Exports to	
	(In millions of francs)		(In millions of francs)	
	1936	1937	1936	1937
Germany	220.1	298.9	126.2	142.9
France	121.4	178.4	81.3	105.4
U.S.A.	45.3	89.1	43.0	71.4
Great Britain	51.4	87.4	65.4	103.2
Italy	49.3	86.2	40.8	66.1

Imports from Great Britain rose by 70 per cent. and exports to Great Britain by 58 per cent. compared with last year. Great Britain was fourth among exporters to Switzerland, the third place which she occupied last year being taken this year by the United States, whose exports to Switzerland showed an increase of 97 per cent. as the result of the trade agreement concluded at the end of 1936. Great Britain retains the third place among Switzerland's customers, and her imports from that country now almost equal those to France.

Tariff Revision Favoured

Prior to devaluation, import quotas were applied to 440 categories of the Swiss Customs Tariff, but were later abolished on 80. The value of goods corresponding to these 80 categories represented 3.6 per cent. of total imports and 6.5 per cent. of imports submitted to quotas. These relaxations were designed to arrest an excessive rise in the cost of living; but foodstuffs and raw materials (which Switzerland is bound to import) are actually more heavily taxed than manufactured goods, many of which are produced in Switzerland. That is shown by the following figures, which represent Customs duties calculated in percentages of the value of imports:—

	1914	1931	1935
Foodstuffs	6.3	17.9	31.0
Raw materials	1.1	6.7	26.9
Manufactured goods	5.9	16.1	13.8

Consequently, some economists and business men favour a revision of the tariff, which the Federal Administration, however, does not seem willing to make.

Recovery has been greatly helped by increased activity in the tourist industry. To the end of August, the 6,900 Swiss hotels received 2,627,600 visitors, of

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whom 1,258,200 were foreigners, compared with 1,109,100 and 861,200 respectively in 1936. The coming winter season is likely to be a record one: booking in the various winter sports centres is already reported to be unusually heavy.

Money is so abundant that, at a recent meeting of the Board of the Swiss National Bank, it was suggested that steps should be taken to prevent a further influx of foreign funds and to induce the withdrawal of foreign capital which has taken refuge in Switzerland in excessive quantity. How this will be achieved has not yet been made public. Up to the middle of October loans totalling 870,513,000 francs, compared with 574,000,000 francs in 1936, have been issued on the Swiss market, of which 243,830,000 francs were for foreign issues.

Norway

Labour's Disappointment

Oslo, November 22.—The outstanding feature of recent political developments was the municipal elections last month. In view of the result of the Storting elections last year, when Labour advanced by leaps and bounds, the increase of 3 per cent. in the number of municipal votes cast for Labour, compared with the elections three years ago, fell considerably short of the Labour victory generally anticipated. The Conservatives also gained slightly, and the Left and Liberal Left showed heavily reduced polls.

The final accounts for the Budget year ended June 30, 1937, reveal a surplus of 57.2 million kroner, compared with 28.5 million kroner in 1936. From this surplus, however, should be deducted 11.2 million kroner, representing increased expenditure transferred to the next Budget, thus reducing the actual surplus to 46 million kroner. Taxes and duties yielded about 33 million kroner more than estimated.

The money market continues very easy. In September deposits in private joint-stock banks increased by 20 million kroner; and while there was a decrease of some 5 million kroner in deposits with the savings banks in that month, October again showed some increase. The returns of the Norges Bank indicate an appreciable decrease in notes in circulation, while deposits on November 8th rose to 105 millions, against 90 million kroner a week earlier. Loans and discounts rose slightly compared with the preceding weeks, but are exceptionally low compared with the position a year ago. The average figure of loans and discounts for the last four weeks, viz. 120 million kroner, is actually lower than at any time since 1916. Bonds have been in great demand lately, rates have consequently hardened appreciably, and a number of loan conversions and new issues have been negotiated at rates very favourable to borrowers.

Continued Prosperity

The total amount of the Norges Bank's holdings of gold and balances abroad now aggregates 394 million kroner, against 329 million kroner a year ago, this strong contraction of foreign debts having been made possible by the earnings of our shipping and export industries. The freight earned by our shipping companies during the current year cannot be estimated with accuracy, but even if the freight markets have been far less encouraging during recent weeks than earlier in the year, the favourable time charters secured by the majority of ship-owners will enable them to close their books at the end of the year with considerably higher net balances than in any previous year since the war.

Industrial activity, indicated by the production index, showed some recession from August to September, due to labour disputes; but the employment index for the quarter ended September 30th showed an increase. As usual at this time of the year, there was an appreciable

increase in foreign trade during September. The development of trade in the first three quarters of the year is shown in the following table:—

	1936 (first three quarters : value in kroner, 000's omitted)	1937
Value of Imports	650,211	960,786
Value of Exports	476,667	586,354
Excess of Imports	173,544	374,432

The whaling season in the Antarctic opens on December 8th. The increase in number of whaling boats is mainly in those owned by British, Japanese and German companies; and the former Norwegian predominance is no longer in evidence.

The repercussions of the collapse of foreign bourses have been much in evidence on the Oslo Bourse; prices, especially those of shipping shares, have at times fallen sharply.

Finland

Growing Industrial Output

HELSINGFORS, November 28.—Industrial output for the third quarter shows increased volume and value. The index of volume rose to 180 (1926 = 100), against 177 and 172 in the earlier quarters of the year, and 162 in the third quarter of 1936. Since 1931, when the depression was greatest, the index of the volume of output has risen 90 per cent. Owing to the advance in the price of industrial products the value of output increased even more. The index for the third quarter of 1937 was 205, compared with 178 and 191 in the previous quarters of the year, and 151 in the third quarter of last year.

All branches of industry shared in the increased output, but the extent of the rise varied greatly. In volume the increase since the third quarter of last year was largest in the leather and footwear industry, the textile industry, building trades and in industries producing for export. In value the main branches of the export industries took first place. The uncertainty that marked the timber market in the autumn has not yet been reflected in a slowing down of production. It has, however, depressed the price of timber which had previously reached a very high level.

Foreign trade in September and October reached record figures.

	Imports		Exports		Surplus of exports	
	Sept. Mill. mks.	Oct. Mill. mks.	Sept. Mill. mks.	Oct. Mill. mks.	Sept. Mill. mks.	Oct. Mill. mks.
1935	468.0	557.1	601.3	621.8	133.3	64.7
1936	801.0	616.6	712.4	794.3	111.4	177.7
1937	844.5	944.0	1,058.3	999.1	213.8	55.1

The large increase in the value of foreign trade is partly due to the higher level of prices, but volume also increased very much, particularly in the case of imports. The considerable growth of imports of metals and machinery is connected with the investment activity proceeding in industry. Imports of raw materials for industry record a sharp rise. Imports of textiles and other finished industrial products have also increased; while imports of grain, sugar, coffee and other foodstuffs and luxuries have not advanced. The former considerable surplus of imports was converted by the end of October into a surplus of exports of 39.3 million marks. This is insignificant, however, compared with the large surplus of exports in former years amounting to between 900 and 1,000 million marks annually.

During the autumn the demand for credit was considerable. Credits granted by joint-stock banks rose by 140.3 million marks in September and 114.5 millions in October. This increase was not balanced by larger deposits. On the contrary, the same circumstances that increased credits caused withdrawals from deposit accounts. There was, indeed, a slight increase of 24.9 million marks in September in deposits, but in October they fell off by 88.6 millions. These changes made the money market

a little tighter, though this tendency should really be ascribed to seasonal causes. As deposits, after the drop, amounted to 9,715.6 million marks, while credits represented 8,521.5 millions, it is impossible to speak of any actual tightness; and the easiness that has characterised the money market for some years still continues.

Japan

Exploiting the Occupied Areas

Tokyo, November 20.—With the progress of the North China campaign increasing attention is paid to economic reconstruction in the occupied areas, and plans are being studied by the newly reorganised Planning Board. The general scheme is understood to entrust economic exploitation to separate syndicates to be formed in each branch of industry. The Japan Power Federation will take over the development of electricity; the Hsing-Chun Company, Limited, a subsidiary of the South Manchuria Railway, is, in co-operation with other interests, to exploit the salt resources; and Japanese cotton importers and spinners are planning to establish a new company among themselves, to improve cotton growing in Hopei and Shantung. It is, however, considered urgent that aid should be given to the farmers in the war-devastated area, and the purchase by the Japanese mills of 1,500,000 piculs of cotton and 20,000,000 lbs. of wool has been suggested, despite the fact that restrictions on the import of these materials are in force.

Stimulated by war needs business activity is generally on a high level, and industrial production is being intensified, even in branches not concerned with munition production. The output of cotton yarn during October totalled 134,791,000 lbs., a decrease of 5,220,000 lbs. compared with September, while rayon production amounted to 28,554,000 lbs., an increase of 1,554,000 lbs. The decrease in cotton yarn production is explained partly by the smaller number of working-days and partly by the curtailment of operations as the result of restrictions on the import of raw cotton. Many small business and retail traders, however, have been adversely affected by the Sino-Japanese hostilities. In certain branches of the textile trade which cater for the home market, and even in such a fine silk goods producing centre as Nishijin, Kyoto, there are many idle looms and a number of workpeople are unemployed. Bicycle manufacturers and rubber goods producers also are among the worst sufferers. Department store sales in recent months have been from 15 to 20 per cent. below those of a year ago, primarily because of the Government's economy campaign.

Increase in Imports

The October trade returns show that, although imports have been reduced in a number of cases under the restriction scheme, the values of both imports and exports are still substantially higher than a year ago. Imports valued at 244,146,000 yen rose by 57,054,000 yen, or 30.5 per cent., compared with the corresponding month of 1936; while exports, valued at 297,293,000 yen, increased by 52,033,000 yen, or 21.2 per cent. The increase in imports is obviously accounted for mainly by iron and steel, petrol, and munitions of war (the detailed figures of these articles have not been made public since August last). The three articles subject to import restrictions, namely cotton, wool and timber, show a decline of 24.9 million yen in the aggregate value of imports. Considerable increases were recorded in the value of exported textile goods, with the single exception of raw silk.

The note issue expanded rapidly from 1,681,401,000 yen to 1,781,223,000 yen between October 1st and November 1st. Allowance, however, must be made for Bank of Chosen notes—issued under the new Banking Act against Bank of Japan notes—which are in circulation in North China as a means of payment by the

expeditionary force. The actual circulation at home, therefore, has not increased very considerably. Money rates remain practically unchanged; fine bills are quoted at a fraction above 4 per cent., and overnight loans are obtainable at 2½ per cent. Commodity prices have again turned downwards. The Bank of Japan's wholesale index number for October recorded a drop of nearly 1 per cent. on the month, after an advance of 1.6 per cent. in September. The price index for October of all shares listed on the Tokyo Stock Exchange was up by a little over ¾ points against a month earlier.

Argentina

Labour Disputes

BUENOS AIRES, November 23.—The last month or so in Argentina has been marked by labour troubles, which may indirectly be traced to the return of prosperity. The two most important disputes—the strike on the Córdoba Central Railway and the stoppage of work by the bricklayers—were both settled on November 2. Concessions to the strikers were made in both cases. By the terms of the Government Decree the State Railways will take over the administration of the Córdoba Central Railway for a period of one year. In return, the company will be guaranteed the same net profit as was earned during the financial year 1936-37; and the Government retains the option of purchasing the railway, pending the decision of Congress. The railwaymen will receive the same wages and conditions of work as those at present enjoyed by the employees of the State Railways—which means a substantial improvement. The bricklayers agreed to return to work in consideration of a 10 per cent. increase in wages. In the meantime the



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W. M. Thackeray—"THE VIRGINIANS."

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strikes on the Entre Rios and Argentine North Eastern Railways continue.

Exports in October amounted to 1,264,945 tons, valued at 160,918,256 pesos, compared with 1,520,099 tons valued at 154,895,521 pesos in the same month of last year. There was thus a sharp decline in volume which was more than compensated by higher prices. In the first ten months of the year the volume of exports was appreciably higher than in the same period of any of the preceding nine years, while the value was only exceeded in the first ten months of 1928. The volume of cereal exports in the first ten months of 1936 and 1937 was as follows:—

	1936	1937	Increase in 1937
	(in Tons)		
Wheat	1,139,254	3,692,929	2,553,675
Maize	6,496,205	8,160,437	1,664,232
Linseed	1,194,062	1,544,210	350,148
Oats	111,521	324,244	212,723

In 1936 Argentina was suffering from the effects of drought.

Imports Rise while Exports Fall

The immediate future of Argentine foreign trade is viewed with some uneasiness owing to the downward trend in the volume of exports, while at the same time imports show an upward tendency. Furthermore, the world level of cereal prices is inclined to fall rather than to rise. In several respects the omens differ greatly from those of a year ago. This is illustrated by the following figures of exports in tons during the last five months of this year compared with the same period of 1936:—

	1936	1937
June	862,811	1,334,706
July	1,021,341	1,257,804
August	1,146,939	1,212,220
September	1,649,800	1,308,620
October	1,520,099	1,264,945

Owing to heavy exports early in the year, Argentina has no old wheat available for shipment and not very much maize. Everything therefore depends on the coming crops and the future of cereal prices. The weather has been unseasonably cold this year, and crops in general are a month or so behind. Heavy frost occurred in the cereal zone on two nights in the last week of October, and temperatures again fell below freezing point during the last few days. Frosts were especially heavy on November 11th, and the opinion has been expressed that the wheat crop, already expected to be substantially lower than that of last year, will be reduced by between a million and half a million tons.

Flour and Wheat Exports Prohibited

On October 28 the Government issued a Decree prohibiting until further notice the export of wheat and flour. Subsequently the decree was slightly modified to benefit those who had already contracted engagements. The immediate cause of the decree was the dearness of bread, following a sharp rise in the local price of (old) wheat, owing to scarcity. On the same day the Government issued its second estimate of the sowings of wheat and linseed. Wheat sowings amount to 7,800,000 hectares, against 7,083,000 hectares last year, and an average of 7,282,460 hectares during the last five years. The area sown with linseed is calculated to be 2,970,000, against 3,010,000 hectares last year and an average of 2,943,506 hectares during the last five years.

The recent decline in Argentina's export surplus has become more pronounced:

	(in Argentine Pesos)		
	Exports	Imports	Export Surplus
June	153,924,793	122,235,467	31,689,326
July	155,932,952	149,536,067	6,396,885
August	147,708,134	144,042,845	3,665,289
September	158,109,336	157,385,758	723,578

This tendency is likely to continue until the new crops begin moving in January. Among imports the biggest rises during the first nine months of 1937 compared with 1936, in value, are shown by iron, which rose 49,266,617 pesos, or 51.5 per cent., and machinery and vehicles,

which rose 45,442,521 pesos, or 60.2 per cent. The increase in textile imports is also becoming more pronounced; they were valued at 29,978,183 pesos in the first nine months of 1937, which was 15.3 per cent. more than in the same period of last year. The value of imported fuel and lubricating oils rose 18,493,394 pesos, or 13.2 per cent.

British Guiana

Disappearing Deficits

GEORGETOWN, November 18.—British Guiana approaches the end of the year with the prospect of emerging again without a "working loss." The Government's financial advisers insist on this phrase, because the real working of any year is likely to be confused by the extent of capital (£588,742) transferred to revenue between 1923 and 1934; and by the intricate system, built up since the financial crisis of 1931, of loans-in-aid of the Budget, public works, and working capital, and grants-in-aid of unemployment relief. All these subventions are received from the Imperial Government.

What the absence of a working loss means to this Colony can be seen in the following table:—

Year	Working Loss
1923-1930 (average)	\$323,247 (£67,343)
1931	\$1,471,979 (£306,662)
1932	\$659,691 (£137,435)
1933	\$294,570 (£61,370)
1934	\$453,005 (£94,376)
1935	\$206,692 (£43,061)
1936	Small surplus

On October 15 His Excellency the Officer Administering the Government, opening the annual session of the Legislative Council, showed that at the end of August the estimated working loss for the whole year had been reduced to \$59,391 (£12,373), with the probability of its disappearing entirely.

That a Colony which has such magnificent resources should be content with an "absence of working loss" is one of the oddities of colonial administration. Apart from sugar, for which the Colony has always been famous, and rice, in which it does a small export trade with neighbouring West Indian islands, British Guiana produces gold and diamonds, bauxite, and timber; while there are excellent cattle rearing possibilities in the Rupununi. Sugar exports, recently limited to 170,000 tons, are 70 per cent. of the Colony's export trade. This industry is the major support of the coastal population. The majority of the population of the entire Colony dwells on the coast; and 28 per cent. of the total population is engaged in some form of agriculture. The forests occupy 86 per cent. of the whole area and produce some of the finest hardwood timbers, including the world-famed greenheart. Increasing attention is being paid to timber development, and since 1936 the outlook has been particularly bright.

Minerals and Future Needs

Since the production of gold was first recorded in 1884, British Guiana (up to 1936) produced gold to the value of £10,541,590, and according to Dr Grantham, former Government geologist, "there is more gold remaining in the British Guiana soil than ever came out of it." Diamonds can be relied on to add, on the average, £100,000 to the annual export trade. Exports of bauxite, easily the most prosperous of the mineral industries to-day on account of the world's re-arming, were worth £214,610 last year—a record that is certain to be exceeded this year. British Guiana is an agricultural Colony, but the population pins its brightest hopes on the highly mineralised nature of the Colony's hinterland.

The paramount needs of the Colony have always been capital, population and communications. In recent years there has been, apart from the investments of the Imperial Government, an appreciable inflow of private capital from abroad. The Colony needs capital, but the position has now been reached where a considerable increase of population is necessary if the full benefit of

past capital expenditure is to be secured. The Colony's population per square mile is 3.5; the North-West district, which a section of the local press is now suggesting should be sold to the United States, is 7,342 square miles in area and its population is 5,706; the area of the Rupununi, where a settlement for the Assyrians has been proposed, is 40,772 square miles and the population is 1,030.

Works of salvage and protection on the coast, pre-

paration of the land for civilised life, e.g. sea defences, drainage and irrigation, artesian wells, sewage schemes, and coastal roads: these have consumed British Guiana's capital before directly productive works could be put under way. Until its wide open spaces are filled, the Colony will never be truly the "Magnificent Province" Anthony Trollope depicted. In the meantime, she contents herself with knowing that there is no annual "working loss."

Letters to the Editor

Parliament and Population

TO THE EDITOR OF THE ECONOMIST

SIR,—The article "Parliament and Population" in your issue of December 4th, by concentrating unduly upon certain passages in one exceptionally brilliant speech, does some injustice, I think, to the general criticism of the Population (Statistics) Bill in the House of Commons on November 29th. It really is not an adequate description of the Bill to describe it as only "a short, but very necessary and quite harmless reform."

This would, indeed, be a just description of a Bill which had merely provided for enquiries, at birth registration, as to the three points declared by the population experts to be essential for their work, viz., age; order of birth; duration of marriage. But on this modest foundation the Bill built up a huge superstructure of other questions which would be likely, when linked to birth registration, to cause very considerable inconvenience and resentment.

Moreover, it is not sufficient defence of the unlimited "any other matter clause" to say that it has a precedent in the Census Acts. Whether or not it is justified in that case there is a great difference between a Census, employed at long intervals for purely statistical purposes, and the use for more than essential information of the birth registration machinery, which is in permanent and daily operation and involves enquiries about, and probably from, a woman shortly after childbirth.

I think the Bill should have been introduced in a radically different form, and that it should now be very drastically amended—in the future interests of economic research.

There is a limit, even if it be an elastic one, to what the public—of many classes—will stand in the way of statistical enquiries. Economic research requires that they shall be asked a great deal—and perhaps more in future. It is, I suggest, the more important that officials, statisticians and economists should make the imaginative effort required to measure the utility of each particular enquiry against the inconvenience entailed, and to discriminate very carefully between the essential and the non-essential. A Bill should not, I suggest, be defended because, beneath a mass of other defined enquiries and the threat of others without definition or limit, there is somewhere hidden the modest and necessary requirement of the population experts. I suggest to economists (and *The Economist*) that the Debate of November 29th, whatever the blemishes in particular speeches, did really constitute a very salutary and much needed warning, which may ultimately be in the true interests of the study of economic and social problems.—

I am, Sir,

Yours faithfully,

ARTHUR SALTER.

House of Commons.

[In our article of last week we explicitly refrained from stating an opinion on the wisdom of introducing the Bill in its original form. We did, however, criticise those who, approving the Bill's purpose but disliking some of its details, nevertheless tried and almost succeeded, in killing it altogether. If we concentrated on the fallacies of one speech it was because that speech, and its fallacies, dominated the debate.

It is really not open to those who, like Sir Arthur Salter, voted against the second reading, to claim that they had the interests of statistical enlightenment at heart, for they must have known that the result of killing the Bill would be to put the whole subject in cold storage for a generation.

We agree that economists should be reasonable in their requests to Parliament for information. But they have a right to expect that their request shall be reasonably discussed in Parliament, and, if they require amendment, that they shall be amended and not rejected outright when they serve a useful, not to say an essential, purpose.—
Ed. *Econ.*]

British Banking Principles

TO THE EDITOR OF THE ECONOMIST

SIR,—So far as I understand it, savings deposits represent part of the country's savings held in liquid form while current deposits form part of the country's working capital. If we imagine a bank whose composition of liabilities has so changed that these consist solely of current deposits withdrawable at a moment's notice, it would be sheer suicide for this bank to adopt a policy of lending for six months or a year, on the ground of possessing the backing of these current deposits. As these deposits form the country's working capital the banks cannot, on their slender basis, build additional working capital in the form of advances. The possibility of the banks' granting advances must presuppose the existence of time deposits; and the relation between advances and these saving deposits is therefore important.

That advances are the least liquid form of banking resources may be deduced from the fact that whereas other resources can be immediately turned into cash, advances must await their term of expiration to be turned into cash. (*Vide The Macmillan Report*, page 36.)

The proportion of saving deposits rises during depression because the demand for credit accommodation abates, and the banks contract their creation of current deposits. Hence, other things being equal, the ratio of saving deposits rises owing to a diminished total. Business men cannot forecast how long a depression will last and for just that time put their working capital on time-deposit accounts with the banks. They would prefer to keep their resources liquid on current account, ready to be employed at the first opportunity, than to earn a trifle on a locked-up saving deposit account.

Your obedient servant,

S. HERSZBERG.

Lodz, Poland.

India and Her Gold

TO THE EDITOR OF THE ECONOMIST

SIR,—Mr B. R. Shenoy's comments, in your issue of September 11th, on my article on "India and Her Gold" (*The Economist*, June 6, 1937) have raised certain issues which would require fuller treatment than is possible in a letter. If the Government of India had, following the advice of the Federation of Indian Chambers of Commerce, placed an embargo on gold exports and purchased in the open market all the gold that came out of hoards since 1931,

ECONOMIC POLICY OF FRANCE

By the Hon. George Peel

AUTHOR OF "THE FINANCIAL CRISIS OF FRANCE," ETC.

Since the War, the fiscal relationship of France and Great Britain has grown much more intimate than before, and there is every sign that this will be the case increasingly in the future.

Owing to political developments on the Continent, the stability of the French Republic is steadily becoming of more consequence to ourselves.

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it would have imposed very heavy responsibilities on the Government as well as the Reserve Bank, and the net result might have been heavy burdens on the taxpayer.

By allowing gold to be exported to the place where that commodity obtained the highest price, India has converted barren metal into mobile purchasing power on very favourable terms. An embargo on gold export would certainly have deprived this country of such advantages. Therefore, by allowing free and unrestricted export of gold, India has not "lost" but gained "the fruits of appreciation in the price of the metal."

India has been importing gold as a commodity for centuries and it cannot therefore be right to apply, in the case of such gold, principles and practices developed in other countries in respect of their bank reserves.

Yours faithfully,

Madras University.

P. J. THOMAS.

POINTS FROM LETTERS

Acts of Deflation.—It was recently discovered that, where countries operate Exchange Equalisation Funds, gold imports tighten credit conditions by adding to deposits

while leaving cash reserves unaltered. Similarly, gold disboarding like the import of gold has been discovered to be deflationary. *On the same lines*, when a Government unbalances its Budget and finances the deficit out of the proceeds of a loan issue or Treasury bills, it has unwittingly committed an act of deflation. All these theories are equally true or equally untrue according to the way you look at the matter. But if it is assumed that the Central Bank will always through open market security purchases, or by other means in its power, counteract the effects of any such unintended deflation, the theories are absolutely worthless.—*Wh. B. Fairweather, London, W.4.*

Living on Capital.—It is incorrect to say that whether we are consuming our own capital or not depends on the commercial balance sheet, that is, the balance of payments. The increase of our assets does not depend only on whether more values accrue to us from other countries. Our own or the nation's wealth may increase from many other sources. We may increase the capital goods at our disposal by our own activities. Our capital assets may increase in value because our estates and houses are worth more, owing to the growth of the population and its needs. Devaluation may also increase our wealth by decreasing our foreign debts.—*Egon Virany, Budapest.*

Books and Publications

Wages and Income

PROFESSOR BOWLEY is to be congratulated on publishing this short *résumé* of a lifetime's research into wages and incomes. So much of his work is hidden away in the less obvious journals, in books and pamphlets now out of print, and in unpublished material, that it was previously very difficult to extract a general view of long-period changes.

This new volume* is not, like so many collections, fragmentary and disconnected. On the contrary, it is a comprehensive and systematic guide, not only to Professor Bowley's own work on wages and incomes, but also to the work of other statisticians, where they have covered the same ground. The book is a model of statistical presentation, which other authors would do well to follow. The methods are clearly described and the validity of the statistics indicated. In many cases figures are calculated on alternative hypotheses, so that the reader can judge for himself. For the student, and for the lay reader in search of particular pieces of information, the text contains numerous references to an admirable bibliography.

The first two chapters are devoted to studying the movements of wages and the cost of living from 1860 to 1936. The result is a table of three index numbers: average full-time money wages, the cost of living, and the "quotient." Professor Bowley uses the term "quotient" in preference to real wages, because of the numerous qualifications that must be made when the latter term is employed. He thinks it unlikely that the collection of family budgets now being made will result in any important modification of the estimates of the cost of living up to 1936—in the field of expenditure they cover. Professor Bowley has tested the index number of food prices by changes in consumption per head. While there has been a slight tendency for people to buy more of the foods whose prices have increased less than the average, Professor Bowley's conclusion is that there is not much chance of an error of more than a couple of points in the published index. But the present index number of the cost of living covers only necessities or goods so considered in 1914. In the intervening period the margin of expenditure over and above that required for necessities has increased enormously. For example, an average town working-class family, when work is regular and moderately skilled, has a free margin to-day of about £1 a week compared with 4s. 6d. in 1914. This factor, together with the increase in the social services, make it impracticable, in Professor Bowley's view, to give any definite

measurement of the change in the average standard of living in recent years. None the less, if we satisfy our desire to make a comparison between 1929 and 1936, we obtain the interesting result that, while average full-time money wages rose by about 2 per cent., the quotient, our only guide to real wages, rose by 13 or 14 per cent.

The remainder of the book includes studies of average earnings and their distribution, earnings and needs, the national wage bill and the national income. Professor Bowley gives annual figures of the national wage bill from 1924 to 1936, but he has not found it possible to make more than a tentative estimate of the national income in 1934 to compare with the results of the full-scale investigation carried out in collaboration with Sir Josiah Stamp for 1924. One would not expect Professor Bowley's figures to show precisely the same change over the decade as Mr Colin Clark's, but it is a little disconcerting to find that Professor Bowley's figures show a fall and Mr Clark's a rise. Nor does the difference lie in the imponderable lower salaries, but in the estimates of wages. Professor Bowley finds a fall of 5 or 6 per cent. in the national wage bill over the period and Mr Clark a rise of 3 per cent. This disagreement is of service if only to remind us not to pay too much attention to small changes in statistics of the national income. Indeed, if such differences between estimates can exist for a year as far ago as 1934, one wonders what sort of validity is possessed by estimates for more recent periods.

Shorter Notice

"Modern Money." By M. Curtis and H. Townshend. Harrap. 320 pages. 7s. 6d.

Books on money, with titles like this, are over-abundant. It is therefore the more gratifying to find that Miss Curtis and Mr Townshend have written a book, which, as an introduction for students and general readers, is excellent in nearly every way. Their thesis is that spending is the sole source of business activity and, although they cannot accept his views about the relations between savings and investment, their mentor is Mr Keynes. In the course of their argument, the authors describe with great clarity and considerable accuracy the working of the money market, the Stock Exchange and the banking system. They lay bare the methods of computing income, personal, corporate and national, and at every stage fasten down their objective account with appendices of skilfully chosen and intelligible statistics. None of the field is left untouched: the role of prices and interest rates, no less than problems of monetary control, are treated characteristically with a nice blend of theory and fact. The what, how and why of money are explained with the minimum of technicalities or controversial quiddities. The academics will question points here and there, but the rest—and all ordinary people ought to read this book—will be deeply grateful to Miss Curtis and Mr Townshend.

* "Wages and Income in the United Kingdom since 1860." By A. L. Bowley, C.B.E., Sc.D., F.B.A. Cambridge University Press. 151 pages. 8s. 6d.

MONEY AND BANKING

The Floating Debt

SINCE the end of September, the total volume of Treasury bills issued by tender has risen from £573 millions to £622 millions. This is a considerable, though not unprecedented movement, and by itself it may arouse the fear in that, in order to finance its needs, the Government is having to resort to borrowing of a quasi-inflationary character. Any tendency towards a misconception of this kind may have been increased during the past fortnight, first by the rise in Treasury bill and other discount rates from a fraction over $\frac{1}{2}$ per cent. to nearly 1 per cent., and next by the appearance in the latest floating debt return of £10 millions of borrowing on Ways and Means Advances from the Bank of England.

The floating debt always increases in the autumn, when revenue lags consistently behind expenditure, the culminating point being reached with the War Loan dividend payment on December 1st. This latter payment, amounting to £35 millions, explains the £10 millions borrowed on Ways and Means from the Bank shown in the latest available returns. The hardening tendency of discount rates is equally a seasonal movement. The joint-stock banks, who normally are the greatest purchasers of bills, always hold off the market during December. They do so, in the first place, because of the Christmas currency withdrawals by the public from the banks. Here we may observe that the recent increase in the fiduciary note issue did not assist and was not intended to assist the cash position of the joint-stock banks. Secondly, the banks hold off the discount market at this time because they wish to carry adequate supplies of cash on December 31st, when they make up their balance sheets.

In view of this year's heavier Government expenditure, part of which is to be financed by borrowing, it is relevant to examine the size and nature of this year's increase in the floating debt. This has been done in the two tables which follow. The first is a comparative analysis of the composition of the floating debt this year and last. The second table shows how the year's growth has come about.

FLOATING DEBT
(£ million)

	1936			1937		
	Mar. 31st	Dec. 5th	Change	Mar. 31st	Dec. 5th	Change
Treasury bills:—						
(a) Tender	498	613	+ 115	500	617	+ 117
(b) Tap	265	203	— 62	175	302	+ 127
Ways and Means Advances:—						
(a) Public Depts.	19	29	+ 10	23	43	+ 20
(b) Bank of England ..	...	...	...	...	10	+ 10
Total Floating Debt	782	845	+ 63	698	972	+ 274
Floating Assets	284	232	— 52	198	345	+ 147
Effective Floating Debt	498	613	+ 115	500	627	+ 127

Treasury bills can be distinguished according as they are issued by tender or through the "tap." The former are taken up by the money market, the banking system and the general investor, and so constitute genuine borrowing by the Government from outside sources. For this reason we may describe tender issues of Treasury bills, together with the occasional Ways and Means borrowing from the Bank, as the effective floating debt. Tap issues of Treasury bills are, to some extent, taken up by public departments. These, together with Ways and Means Advances by the departments, we have accordingly described as the floating assets of the departments.

The second table shows Exchequer Receipts and

Issues for the period April 1st to December 4th, in each of the past two financial years.

EXCHEQUER RECEIPTS AND ISSUES

	April 1st to December 4th	
	1936	1937
(£ millions)		
Revenue	403	435
Expenditure	535	593
Deficit	132	158
Other Issues (—) } or Receipts (+) }	+ 69	— 116
Total Floating Debt Increase (+)	+ 63	+ 274
Effective Floating Debt Increase (+)	+ 115	+ 127

This table, it will be seen, begins by setting out each year's income and expenditure, together with the resulting deficit, to date. The item "other issues and receipts" includes all operations on capital account other than changes in the floating debt. Usually, between April and December, there is a small net outflow from the Exchequer on capital account. This outflow amounted last year to £13 millions, and this year to £16 millions. Last year the main capital items were the repayment of £42 millions of Treasury bonds in April; the receipt of the final call of £71 millions on the $2\frac{1}{2}$ per cent. Funding Loan of December, 1935; and the receipt of the first call of £53 millions on the $2\frac{1}{2}$ per cent. Funding Loan issue of November, 1936. This year the story is obscured by the enlargement last June of the Exchange Equalisation Account by £200 millions. Nominally, the whole of this £200 millions was issued to the Account at once, and occasioned an equal increase in the floating debt. Actually, the true increase in the effective floating debt depends entirely upon how much of the £200 millions is used by the Account in the purchase of gold or foreign exchange. Any unused portion is invested in Treasury bills, and so causes an increase in floating assets and not in the effective floating debt.

The other major operation of 1937-38, so far, has been the issue last April of £100 millions of Defence Bonds. If the receipts accruing to the Exchequer from this source be set against the issue of £200 millions to the Exchange Account and also the miscellaneous issues amounting to £16 millions, it will be seen how a revenue deficit, up to the present of £158 millions, has been accompanied by an increase of £274 millions in the floating debt.

We may next compare the increases in the total floating debt and the effective floating debt. For the portion of 1936-37 under review the increase in the total floating debt was less than the revenue deficit and less than the increase in the effective floating debt. Debt funding explains the divergence from the revenue deficit. The greater increase in the effective floating debt is due to gold purchases by the Exchange Equalisation Account and also to the fact that part of the new Funding Loans were taken up by the departments, whose floating assets were proportionately reduced.

In 1937-38, so far, the total increase in the floating debt has been much greater both than the Budget deficit and the effective floating debt increase. If we now proceed to deduct from the current floating debt and from floating assets the £200 millions representing the June enlargement of the Exchange Account, we are left with the following picture:—

	£ millions
Deficit to date	158
Increase in total floating debt	74
Increase in effective floating debt ..	127
Decrease in floating assets	— 53

The outlines of the picture are now fairly plain. The Defence Bond issue has so far gone mainly to mitigate

the increase in the floating debt which otherwise would have occurred; for this year's deficit to date is only £26 millions greater than that of last year. Floating assets, however, are reduced by £53 millions, partly because of the departments' support to the Defence Bond issue and partly because of the Exchange Account's gold purchases, which continued right through to the early autumn. Thus the increase in the effective floating debt is, notwithstanding the Defence Bond issue, commensurate with the Budget deficit.

During the past seven weeks, however, there have been signs that in one respect the tide may be at the turn. On October 23rd, the departments' floating assets fell to £310 millions, the lowest figure since the June enlargement of the Exchange Account. Since then they have risen to £344 millions, largely, it may be presumed, because of the growing strength of the franc; for the repatriation of capital to France has led in turn to sales of gold by the British Exchange Account to the French authorities. Thus, in spite of a revenue deficit of £50 millions during those seven weeks, the effective floating debt has increased by only £17 millions. The remaining £33 millions of cash have been obtained largely out of the proceeds of the Exchange Account's gold sales. Thus the seasonal expansion in the effective floating debt has recently been much less than usual. Taking the whole period from March 31st to date, the increase is very little greater this year than last.

The conclusion suggested by this analysis is that allegations of inflationary Government borrowing, for the purpose of financing defence expenditure, are difficult to substantiate. The Government has not even used more than a small proportion of the amount raised on the long-term market by means of the Defence Bond issue. The large increase in the total floating debt is explainable by the June addition to the Exchange Account, and in its absence the increase in the floating debt, up to the present, would have been smaller than is usual at this season of the year. Finally, the increase in the effective floating debt is little greater than that of the previous year, and the rate of increase has also been checked during recent weeks by the repatriation of capital to France and the British Exchange Account's consequent sales of gold. Taking all these factors into account, it would seem that the present size and composition of the floating debt should not arouse anxiety.

Financial Notes

Weakness of Silver.—Early this week there was a sudden relapse in the London silver market. At the usual time of fixing on Monday there were no buyers, and there was a delay of an hour before the prices were fixed at 18½d. per ounce for cash and 18¾d. per ounce for forward. These prices represented declines of 1d. and 1½d. per ounce below Saturday's prices. There were two causes of this weakness. The first was the fact that the International Silver Agreement of 1933 is not, according to recent advices, being renewed on its expiry at the end of the month. This at once raised the question whether the American Administration intended to continue its buying policy, and this fear not only affected the silver market, but also caused the dollar to depreciate to \$5.00½. On Tuesday, President Roosevelt and Mr Morgenthau indicated that a new silver proclamation would be issued just before the end of the year. This did not prove very reassuring, especially as there is a belief that one section of opinion at Washington favours a reduction of the bounty to a point nearer to the present world price. Another source of apprehension is lest the war in the Far East may force China to throw substantial quantities of silver on the world's markets. Thus, in spite of some support from America and India, there has only been a limited recovery in the London market, Thursday's prices being 18½d. per ounce for spot and 18½d. for forward.

The National Bank of Scotland.—There has been a further growth this year in both the resources and net profits of this bank. This not only applies to the note circulation and deposits, but also to acceptances, endorsements, etc., which are more particularly indicative of the state of commerce. Thus the bank's accounts provide further evidence of the year's net improvement in Scottish trade.

	1935	1936	1937
Liabilities:—	£'000	£'000	£'000
Capital	1,100	1,100	1,100
Reserve fund	1,550	1,600	1,800
Note circulation	2,596	2,720	2,881
Deposits	35,213	36,532	37,002
Acceptances	728	1,078	1,136
Endorsements, etc.	1,327	1,125	1,473
Assets:—			
Cash	3,201	3,129	3,494
Balances and cheques	1,649	1,646	1,895
Call and short money	4,641	5,006	4,536
Investments	18,688	19,241	18,642
Discounts	1,014	1,303	1,357
Advances	10,902	11,276	12,528
Net profits	270	272	276
Dividend	16%	16%	16%

Apart from a general strengthening of the bank's cash and liquid resources, the main change in assets is the growth in advances. To make room for this, the bank has had to reduce the size of its investments. This is a very satisfactory movement, as it shows that the bank has been able to employ a greater proportion of its resources in purely banking business as distinguished from investment in gilt-edged securities. Net profits have risen by £4,000, and the increased sum available is applied to reducing the cost of heritable property and alterations and to increasing the amount carried forward.

British Overseas Bank.—Mr A. C. D. Gairdner, at the annual general meeting of the British Overseas Bank held on December 7th, had no difficulty in persuading the shareholders of the wisdom of the bank's directors in conserving this year's profits and paying no dividend. In his address to the meeting he began by explaining the functions of the bill of exchange, and how they had been affected by the war and post-war developments. For example, in the standstill negotiations the German borrowers have recognised the pre-eminence of the commercial bill. Mr Gairdner pointed out that the amount of credit of this character available to Germany was insufficient for the trade to be carried. From Germany Mr Gairdner passed to Hungary, where he showed that, unfortunately, the position had become more rigid as the result of last summer's developments. Spain was another country where grave difficulties had been encountered, but their Spanish clients had displayed a high sense of honour and had done their best to meet their engagements. Concluding his general survey, Mr Gairdner emphasised the need for as wide a system as possible of free exchanges. Mr Gairdner next analysed the bank's balance sheet, showing how various items had been affected by events in Hungary and Spain. There were also the difficulties of the Latvian Akciju Banka. Here the Latvian Government and State Bank were being sympathetic and helpful, but a reconstruction of the bank's capital would be necessary. Taking all these and other points into consideration, the board of the British Overseas Bank had decided to set aside £50,000 to contingencies and not to pay any dividend. This decision is regrettable, but most people will agree with those shareholders who congratulated the directors upon having the courage to take this course, which was both prudent and in the interests of the bank.

Barclays Bank (D.C. and O.).—Sir John Caulcutt, who has recently succeeded Mr Tritton as chairman of Barclays Bank (D. C. and O.), devoted the greater part of his address, at the ordinary general meeting on December 9th, to a review of conditions in the

primary producing countries. He began by emphasising how important it was to Great Britain that these countries should maintain their prosperity, and he traced the consequences of the fall in the prices of primary products between 1929 and 1932, and their subsequent recovery up to the early part of this year. The recent set-back he described as not altogether surprising. Up to a point it may have been healthy, but he added that it was difficult to find adequate justification for the extent of the decline. He ascribed part of the recent uncertainty to fears of possible monetary developments, and expressed the view that when the revival of an international monetary system upon a more permanent footing proved possible, the only practicable method would be a continuance of the use of gold. The earlier part of his speech consisted of a detailed review of business conditions in the areas served by the bank. On the whole he had an encouraging account to give, and he added that the trade requirements for credit by the bank's customers had expanded to the point where the bank had had to reduce its holdings of Treasury bills by nearly two millions. Net profits were £30,000 higher than last year. The dividend on the "A" and "B" shares had been raised from 5½ to 6 per cent. (and not from 11 to 12 per cent. as we erroneously stated last week). Altogether Sir John Caulcutt was able to give a very satisfactory account of the bank's progress.

November Clearing Bank Returns.—In spite of the high level of public deposits during November and the consequent drop in bankers' deposits at the Bank of England, the cash held by the clearing banks in November was slightly greater than that of the previous month. Discounts have not risen quite as much as might have been expected, in view of the increase in Treasury bill tender issues since early October; but towards the end of November the banks were not keen buyers of bills.

(In £ millions)

	Nov., 1936	July, 1937	Aug., 1937	Sept., 1937	Oct., 1937	Nov., 1937
Capital and reserves	131.8	132.5	132.5	132.5	132.5	132.5
Acceptances, etc.	102.9	122.1	116.1	114.2	115.6	114.9
Deposits (including undivided profits, etc.) ..	2,243.3	2,255.6	2,245.9	2,249.8	2,275.2	2,272.9
Total liabilities	2,478.0	2,510.2	2,494.5	2,496.5	2,523.3	2,520.3
Cash	223.6	231.8	231.0	234.3	230.7	231.6
Cheques, balances and items in transit	60.4	63.7	64.8	60.1	62.9	65.8
Money at call	158.9	157.9	156.7	157.4	159.7	154.8
Discounts	349.2	280.7	275.8	279.2	294.6	296.0
Investments	640.0	631.7	630.4	626.0	624.6	619.4
Loans and advances	872.9	954.7	952.6	957.5	967.3	969.8
Investments in affiliated banks	25.2	23.5	23.5	23.5	23.5	23.6
Cover for acceptances, premises, etc.	147.8	166.2	159.9	158.5	160.0	159.3
Total assets	2,478.0	2,510.2	2,494.5	2,496.5	2,523.3	2,520.3

There has been a further increase in advances, but it is much less noticeable than in October. The December averages will be affected by the repayment of the French credit, and for that reason will probably show a decrease. Investments are £5.2 millions less than in October, and there has also been a slight drop in deposits.

The Foreign Exchanges.—The London Market has been very quiet. Early in the week dollars were offered up to \$5.0060, on the weakness in the silver market, but so soon as buyers of silver appeared, dollars were bid, and the rate has come back to \$4.99½. One month's dollars have risen to a premium of 0.40 cents, as some operators were selling dollars spot and buying them one month forward in order to provide themselves with sterling over the end of the year. The three months' rate was unaffected by these operations, and only widened slightly to ¾ cents premium. Francs have been steady at Frs. 147.06 to Frs. 147.09, with the French authorities buying sterling spasmodically. Three months'

francs came on offer, and the rate widened from Frs. 1½ to Frs. 2½ discount. The French authorities turned purchasers of forward francs. There was practically no change in other sections of the market. The Shanghai rate remains steady at rs. 2½d., but there has been very little business for quite a long time.

The Bank Return.—The Christmas expansion in the note circulation continues. During the past fortnight there has been a certain amount of dishoarding of British currency, and when allowance is made for this the increase in the note circulation to date is much the same as the parallel increase a year ago:—

	Dec. 9, 1936	Nov. 17, 1937	Nov. 24, 1937	Dec. 1, 1937	Dec. 8, 1937
Issue Department:—	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Gold	248.7	326.4	326.4	326.4	326.4
Note circulation	458.9	481.1	480.4	485.7	492.8
Banking Department:—					
Reserve	50.5	66.8	67.5	62.0	54.7
Public deposits	17.5	33.2	35.4	12.0	11.7
Bankers' deposits	87.0	86.7	83.6	105.7	106.3
Other deposits	38.9	36.1	36.3	36.6	36.7
Government securities	81.7	76.6	76.2	78.8	87.2
Discounts and advances	8.1	9.0	8.6	10.5	9.6
Other securities	20.9	21.3	20.9	20.7	21.0
Proportion	35.2%	42.8%	43.4%	40.2%	36.3%

In the banking department, the growth of the note circulation has reduced the Reserve by £7.3 millions, but this contraction is neutralised by the increase of £8.4 millions in Government securities. Bankers' deposits therefore are practically unchanged. The higher level of Government securities may be related to the Ways and Means borrowing from the Bank shown in the floating debt statement of December 4th, or it may represent an increase in the Bank's Treasury bill holdings. In any case, the banks still have the benefit of the cash released by the War Loan dividend payment and so have been shielded from the effects of the Christmas currency withdrawals.

The Money Market.—The War Loan Dividend payment and the continuance of the French credit repayment have made money very comfortable, and the banks have only experienced a small afternoon demand. Outside money is now obtainable at ½ per cent. Loans into the New Year command rates of 1-1½ per cent. The general tendency is to use this money to carry bonds, and so the demand for shorter loans against bonds is less evident than usual.

	Nov. 18, 1937	Nov. 25, 1937	Dec. 2, 1937	Dec. 9, 1937
Bank rate	2	2	2	2
Clearing banks' deposit rate	½	½	½	½
Short loan rate:—				
Clearing banks	1-1½	1-1½	1-1½	1-1½
Others	1-1½	1-1½	1-1½	1-1½
Discount rates:—				
Treasury bills	½	½	1-1½	nom.
Three months' bank bills	1½-1	1½-1	1½-1	1½-1

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

Discount rates are again firmer, but from time to time the market shows signs of weakness. The banks are now only buying bills sparingly, at rates of ¾ per cent. and occasionally 1½ per cent. There is practically no business in hot Treasury bills. Last week, Treasury bills to be paid for on Monday went at £99 15s. 5d. per cent., these being 80-day bills. Bills dated Tuesday onwards, being 90-day bills, went at a minimum rate of a penny less, but only 25 per cent. of the applications at this minimum rate were allotted, applications at higher rates receiving full allotment. There is a feeling in the market that some applicants paid too much for their bills. The average tender rate works out at 18s. 2.16d. per cent.

THE STOCK EXCHANGE

Australian Investment Outlook

THE year 1937 has seen the close of a phase of Australia's investment history in London. After a series of conversions beginning in 1932 sufficient time has already elapsed to make re-conversions necessary, but without any substantial further saving. The reception accorded to the £11,409,965 3½ per cent. stock issued in November was so little enthusiastic that underwriters had to take up 67 per cent. This result, however, seems more due to the general malaise of the markets than to any defects in Australia's position. The entrance of the Lyons Coalition Government upon its third term of office has, indeed, been welcomed by investors in this country. But it has also brought nearer the negotiation of fresh arrangements with the Imperial Government to replace the expiring Ottawa agreements. And the opening of preliminary discussions for a trade pact with the U.S.A. suggests that the future course of Australian trade is a matter which deserves the investor's attention.

Since 1927, when the Bruce Government gave, in effect, a Commonwealth guarantee to State loans, Australia's investment rating in London has deservedly been high enough to procure her full advantage from the decline in interest rates. She has made an almost sensational recovery from depression, restored her standards of living and balanced her Budgets. No investor would ask for better evidence of general trade recovery than is furnished by Table I below.

The main stake of British investors is in the Commonwealth and States' debt. Last June, Australia had the equivalent of £1,400 millions (Australian) of public debt, requiring about £A50 millions in annual interest, and including some £A90 millions of floating debt. The total consisted of approximately £A430 millions of Commonwealth and £A980 millions of States' loans. Some £A674½ millions of the combined total were internal debt, while a further £543½ millions (sterling) was domiciled in London and the dollar equivalent of £45 millions (sterling) was domiciled in New York. Since 1932, the sterling debt has been gradually reduced, and the total of all Commonwealth stocks has fallen appreciably. There has been, however, a rise of internal State indebtedness of £A100 millions in these same years. Nevertheless, falling interest rates and Australia's im-

proved credit status have enabled her to save roughly £A4 millions net in her debt charge. The total nominal debt converted since 1932, by as many as fourteen different operations, has been in excess of £222 millions (sterling), or roughly £200 millions apart from re-conversions. Details of these changes are given in Table III at the foot of this page.

Whereas the stocks which have been converted were costing Australia anything up to 6 or 6½ per cent., the majority of the new stocks were floated on a basis of under 4 per cent., the high point of Australian credit being reached in 1936, when a 2½ per cent. loan (of relatively short life) was offered to yield only £2 18s. 6d. per cent. Since then, Australia, like other Governments, has been compelled to offer somewhat greater inducements to the investor, and for the last two conversions the response might have been better had the inducement been even greater. Reference to the table will show, also, that the difference between the old stocks and the new is not confined to their rates of interest. The new stocks have far more sharply defined dates of repayment. Only two of the conversion issues have optional periods of redemption which exceed five years, whereas many outstanding loans, issued in the 'twenties, are optionally redeemable during periods of twenty years or more. The change from the investor's point of view is welcome; for a borrower who is paying lower interest cannot reasonably ask for a prolonged double option of repayment into the bargain.

The present position, as it affects the British investor, can be briefly summarised. Commonwealth and State Australian stocks to the nominal amount of £430 millions (sterling) are quoted on the London Stock Exchange. Of the total, some £217 millions carry interest at rates ranging from 2½ to 3½ per cent., while £67 millions are at 4 or 4½ per cent. But owing to the long dating of the loans issued in the 'twenties, there is left as much as £146 millions (sterling) of stocks carrying 5 or 5½ per cent. Apart from £18,179,000 which is due in 1940-60, the earliest redemption date of these high-interest stocks is 8 or 10 years ahead. If interest rates remain low, therefore, Australia still has large savings in prospect—but not in the immediate future. At present Australian

I.—RECOVERY IN AUSTRALIA

Years ended June 30	1929	1932	1935	1936	1937
Imports: Merch. ... £A. mn.	143.3	57.0	90.7	104.6	113.3
Exports: Merch., of which: ...	141.9	96.5	103.2	122.8	146.1
Wheat and flour ..	26.3	23.1	16.2	18.6	24.4
Wool (inc. tops) ..	61.6	32.1	39.3	52.3	62.5
Bullion: Net exports ..	3.6	11.8	8.3	11.4	11.8
Material production ..	447.8	305.0	356.1	403.8	432.0

II.—FUTURE DEBT MATURITIES (Redemption dates, and amounts in £000's sterling)

Due	At 3%	Due	At 3½%	Due	At 3½%
1939-41 ...	13,470	1956-61 ...	21,178	1930-50 ...	11,780
1941-43 ...	18,551*	1964-74 ...	14,050	1950-52 ...	12,361
1955-58 ...	20,782			1951-54 ...	11,410
				1954-59 ...	21,239
Total ...	50,803	Total ...	35,228	Total ...	56,790
Due	At 3½%	Due	At 4%	Due	At 5%
1946-48 ...	16,253	1942-62 ...	10,392	1940-60 ...	18,179
1948-53 ...	19,830	1943-48 ...	17,221	1945-65 ...	14,130
				1945-75 ...	68,508
				1945-75 ...	11,739
				1947-67 ...	17,870†
Total ...	36,083	Total ...	27,613	Total ...	130,426

* At 2½ per cent. † At 5½ per cent. (New South Wales).

III.—COMMONWEALTH & STATES CONVERSIONS IN LONDON, OCTOBER, 1932—NOVEMBER, 1937

Year	Amount	Nom. Interest		New Loan			Annual Saving
		Old	New	Price	Yield	Due	
1932.....	£12,361†	6½	3½	97½	4.00	1936-37	£A000's 278
1933.....	11,410†	6½	3½	99	3.74	1937-38	399
	17,221	5½	3½	99	3.90	1943-48	462
	20,951	5½	3½	99	3.84	1948-53	599
	16,647	5½	3½	100	4.00	1948-49	827
	9,622	5½	3½			1955-70	...
1934.....	21,637	5½	3½	97	3.68	1954-59	456
	14,602	3-5	3½	99	3.30	1964-74	144
1935.....	22,384	5	3½	100	3.25	1956-61	511
	13,470	3-5	3½	100	3.00	1959-61	36
1936.....	21,657	5	3	95½	3.29	1955-58	528
	16,552	3-4	2½	99	2.92	1941-43	342
1937.....	12,361	3½	3½	96½	3.81	1950-52	46
	11,410	3½	3½	97	3.75	1951-54	9
Total† ...	222,285	...	...	...	...	...	4,187

† Reconverted in 1937. ‡ Of which: Commonwealth, £33,983,000; N.S.W., £113,618,000; Vic., £22,821,000; S. Aust., £21,239,000; W. Aust., £17,830,000; Queensland, £7,110,000; Tasmania, £6,484,000.

Investment Notes

Tale of Two Markets.—The stock markets, both in London and New York, have succeeded, on the whole, in holding their ground this week. In London, the action of the influential promoters of the New Mercantile Investment Trust (whose prospectus duly appeared this week and is reviewed in a later note) has been interpreted in much the same way as that of the helmsman who cried "Courage!" and pointed toward the land. It now remains to be seen whether the markets will, appropriately, come to a land where it is always afternoon. Such a sequel, in fact, is not unlikely; for the recent fall in prices appears to have discounted the worst that can happen to industry and earnings for some considerable time ahead. Once the decline has been stayed, therefore, there may be a period of months during which prices, as a whole, are moderately stable, with a perceptible upward trend at one time and a downward trend at another, and with a volume of business just sufficient to provide Stock Exchange members with their bread and butter. It may not unreasonably be inferred, indeed, that the sponsors of the new investment trust, whose attestation of faith in the outlook was so opportunely timed, had in mind the possibility of a sequence of events much on these lines. The New Mercantile Investment Trust has called up only 10s. on each of its two million £1 shares, and 5s. of this is not payable before next May. The final payment on the £1 million of its debenture stock comes even later—i.e. in September, 1938.

★ ★ ★

It may be premature to conclude that the line along which the markets have dug themselves in, during the past fortnight, will be that on which the enemy will ultimately be held. Trade recession—whose second coming is now tacitly or explicitly admitted by almost everybody except the Government and Mr Reginald

Each year for the last eleven years the Standard has declared a . . .

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stocks carrying about 3½ per cent. nominal interest stand close to par. Thus the 5 or 5½ per cent. stocks present a clear, and the 3½ or 4 per cent. a problematical, opening for future conversion. Some details of stocks of which £10 millions or more are now outstanding are given in Table II. In addition, there are smaller loans totalling £38 millions at 2½ to 3½ per cent., £40 millions at 4 to 4½ per cent., and £16 millions at 5 to 5½ per cent.

Future maturities are not evenly spread—a legacy from the consolidation of Commonwealth and State debt. If the latest repayment date be taken in each case, it appears that in 1938 some £73 millions (Australian) of internal stocks fall due, of which £6 millions now bear interest at 3 per cent. and £67 millions at 4 per cent. Subsequently there are no considerable maturities either in Australia or in London until 1940-41, but between then and 1944 there are repayments of some £160 millions of internal loans. In this country some £13,470,000 at 3 per cent. is due by 1941 and £18,179,000 of 5 per cent. stock already referred to is optionally redeemable in or after 1940. Thereafter, the chief concern of investors will be with the conversion, in or after 1945, of the big 5 and 5½ per cent. loans.

So much for future conversion opportunities. The actual cost to Australia of her sterling debt service, in terms of Australian pounds, however, depends not only on the rate of interest but also on the rate of exchange at which her remittances are made. How far does this factor offer a prospect of a further reduction of Australia's effective burden? In recent years Australia has had a favourable balance with this country, and in his last Budget speech Mr Casey declared that, in a single year, £20 millions had been added to Australia's sterling balances. Under a free exchange system the corollary would have been a strengthening of the Australian pound against sterling. But interest payments and net capital repayments are as important, in determining exchange rates, as trade movements. In any case the rate is maintained rigidly at a level which is unlikely to change in the near future, since quasi-political questions are bound up with it. Consequently, the prosperity of Australia's export industries tends to be reflected, not in a reduction in the number of Australian pounds required to finance sterling debt payments, but in an increase in the reserve of sterling funds in London, out of which interest payments can be made.

Since 43 per cent. of Australia's total merchandise exports consists of wool, the British holder of Australian ports has, in the last resort, a stake in the pastoral trades far exceeding the £21 millions of British capital in pastoral companies. During recent years Australia has supplied just over one quarter of the world's estimated wool production, and the United Kingdom has taken around 35 per cent. of her exports. Chief interest at the moment centres upon the policy of Japan. As a result of her abstention from the wool sales between April, 1936, and January, 1937, she purchased in 1936-37 only 10 per cent. of the total volume of Australia's wool exports, against 28 per cent. in the preceding season. Under an agreement made last January, however, Japan undertook to buy not less than 800,000 bales in the eighteen months to June, 1938. Up to the end of last June she had purchased only 285,000 bales, and there is some speculation in Australia as to how and when the balance will be bought. If the strain on Japan's economy, due to the war in China, resulted in a decline in her future purchases, the effect might be more damaging than her abstention from the Australian market in 1936-37, when she largely transferred her custom elsewhere and so did not influence world prices adversely.

This is the chief cloud on the horizon, though it may be no bigger than a man's hand. At present the balance of the various factors in Australia's position—the probable revision of trade relations, the war in the Far East, the attitude of Japan, and the recent deterioration of commodity prices—still inclines in Australia's favour. Whether she should reappear as a borrower of new money in London in future is another matter. Here "I will not" may wait upon "I would"; and the "will not" may not come wholly from the British Treasury.

McKenna—is as yet only in its earliest stage, though this week's unemployment figures show that it may have already begun. Their stoical reception by the markets, however, suggests that technical conditions are much better than they were a few weeks ago. A pointer in the same direction may be the disinclination of investors to be mulcted unduly for the element of safety in gilt-edged securities. This week's Southern Rhodesian loan of £2½ millions was felt in some quarters to have been keyed up a little too high; for its status is not perceptibly better than that of certain British corporation loans which have recently been issued at the same price, but with a five years' shorter life. Meanwhile, in New York, the Dow Jones industrial index, after falling below 114 on November 24, stood over 130 at one time on Wednesday. Wall Street at first saw little to go for in Mr Wallace's seven-point programme for agricultural and economic recovery. On second thoughts, however, the augurs were inclined to read more into expressions like "revision of taxation," "a sensible labour programme," "an abundant supply of cheap credit," and "a healthy securities market." And the New York Stock Exchange has chosen the part of sweet reasonableness (and, doubtless, of worldly wisdom) by answering the threats of the chairman of the Securities and Exchange Commission by appointing a Special Committee to study its own reorganisation.

Carte Blanche for Trusts.—Investors who enjoy acquaintance with the personalities of the City of London will appreciate that the New Mercantile Investment Trust, whose prospectus was issued this week, has been formed under the highest possible auspices and with directors whose names are a guarantee of expert management. Other investors, less well informed, can learn from their advisers of the undoubted high standing of the new trust—but they cannot, from the prospectus alone, reach any independent judgment. The prospectus, of course, sets out the full amount of statutory information, and gives ample detail concerning the security for the debenture stock. Beyond this it only shows that the company is to "carry on the usual business of an investment trust company, spreading its funds over a number of selected investments," and that capital profits are to be applicable only to capital purposes. The intending shareholder may well feel his curiosity still unsatisfied by this information, however much he may applaud the directors' apparent desire to refrain from making financial estimates where there is no foundation of experience. But he would have appreciated, perhaps, a few words of comment on one or two points, such as the new Trust's policy, the rate of return which can at first be expected, the extent of intended investment in home industries and/or in fixed interest securities, or the limits which are placed upon investment in any one security. He does not know if he will receive with the annual report a list of investments, or what information he will have on the way the portfolio is spread. In fact, subscription to the debentures or shares of this new trust is an act of faith which may be well-founded, but is of a kind the Trust's directors, being prudent men, would doubtless hesitate to perform in carrying out their own duties.

The Trend of Industrial Profits.—The rate of increase in industrial profits during November was well maintained, completing three months in which the percentage improvement has run higher than a year ago. Total profits of the 206 companies whose reports were received amounted to £23,579,407, compared with £20,144 for the previous year. The trend over the past three months is shown in the next column.

Reports published in	No. of Companies	Rise in Profits*	Reports published in	No. of Companies	Rise in Profits*
1936—		%	1937—		%
September	107	12.32	April	245	23.38
October	146	18.09	May	255	14.09
November	177	13.49	June	265	21.19
December	175	15.49	July	193	19.62
1937—		%	August	62	9.41
January	110	15.92	September	81	27.80
February	208	8.95	October	177	26.97
March	307	12.52	November	206	20.25

* After payment of debenture interest.

Reckoned by total profits the breweries group is most important with 33 reports during the month and total profits of £5,007,961. The largest contribution to the month's increase of £3,977,963 is made by iron, coal and steel companies (including such leaders as Dorman Long, and Tube Investments), which account for one-fifth of the increase, but only one-eighth of total profits. Rubber companies' profits also contribute substantially to the improvement, but only slightly to the total results. November's reports, however, are well distributed industrially, and give an accurate impression of the recent trend of profits.

Capital Issues in November.—There was evidence of greater activity in the new capital issue market last month, particularly in fixed interest securities, but in relation to 1936, the level of activity is still subnormal. The following table gives our usual analysis of new money involved in recent months:—

(000's omitted) Excluding Conversions				
Monthly Average (Old Basis)	United Kingdom	British Possessions	Foreign Countries	Total
1933	17,520	2,429	449	20,398
1934	11,474	2,499	125	14,093
1935	18,388	1,270	21	19,679
1936	19,195	2,035	58	21,288
(New Basis)				
1935	27,233	2,443	97	27,773
1936	37,370	2,823	964	41,157
Monthly Total (Old Basis)	Govt.	Other		
Sept., 1936	Dr. 200	7,305		
Sept., 1937	Dr. 550	4,487	Nil	7,553
Oct., 1936	Dr. 150	19,772	2,706	6,643
Oct., 1937	Dr. 400	6,965	4,404	24,026
Nov., 1936	61,254	11,335	350	6,915
Nov., 1937	Dr. 150	10,570	3,338	75,987
(New Basis)				
Sept., 1936	Dr. 200	10,379	1,802	12,222
Sept., 1937	Dr. 550	5,634	5,382	138
Oct., 1936	Dr. 150	37,849	5,897	Nil
Oct., 1937	Dr. 400	10,528	4,633	Nil
Nov., 1936	61,254	26,799	1,061	Nil
Nov., 1937	Dr. 150	13,318	3,955	157
			2,897	Nil

The low level of activity in industrial issues is emphasised by the fact that the November total (on our "old basis") of £12,222,000 includes over £3,000,000 for Liverpool Corporation, and nearly £2,000,000 for Kent Electric. Being wholly for conversion purposes, the recent 3½ per cent. Australian loan is not included in the totals.

Company Notes

P. & O. Prospects.—Lord Craigmyle's comprehensive review of the P. & O. position on Wednesday may give the bulls of the deferred stock some balm for their wounds, though at no point did it suggest divergence from the conservative dividend tradition which the company has always honoured. That policy, it is evident, will continue—the limit of relaxation for depreciation has been reached. But there are factors of a long-term order which suggest some possibility of increased payments in the future. Reading between the lines of the speech, it would seem that the next feature in the group's programme is a substantial replacement of

tonnage by the subsidiaries. The P. & O. building programme has anticipated the parent company's requirements. Three new "Strath" vessels will be in service for next season, and they have been built at prices considerably lower than those ruling to-day. In addition, two new refrigerated vessels for the Australian trade have been put into service, at a cost roughly equal to last year's depreciation provision. All told, the P. & O. fleet is not faced with "pressing necessity" for major additions. With the subsidiary and associated concerns, it seems, the position is somewhat different; for at two points in his speech Lord Craigmyle declared that it was not wise to press them for higher dividends, having regard to the desirability of conserving their resources to meet substantial building programmes. In short, these concerns will be placing orders for new tonnage when shipbuilding prices permit.

Their trading results, however, are steadily improving, and should benefit, like those of the parent company, by increases in freight rates which were not fully reflected in last year's voyage accounts. Of the P. & O. decrease in net shipping profits the chairman himself gave warning at last year's meeting; and, as events proved, static conference rates (for the greater part of the year) coupled with rising costs, resulted in smaller net earnings. It is evidently expected that moderate freight increases will compensate for the increased costs of ship operation. Although the group's total depreciation provision last year was not directly shown in the accounts—owing to the withdrawal of certain vessels from service—the actual provision was in excess of £3,300,000—a figure which, although somewhat less than 5 per cent. of first cost, was considered sufficient. Investors will be glad to learn that the board contemplates some improvement in the display of the depreciation figures in the accounts. Long-sighted stockholders, moreover, will welcome the chairman's reaffirmation of the principle that depreciation is really necessary to provide liquid assets for shipbuilding—a point which was stressed in these columns a year ago. Lord Craigmyle thus reconciled the company's cautious dividend policy with some hopefulness for better things in the future. In the last resort, the prosperity of the group will depend upon the prosperity of world trade; for the immediate present, however, stockholders must take account of disturbances in the Mediterranean and Far Eastern trades—and of falling commodity prices.

South Durham and Dorman Long.—This week has provided an interesting miscellany of steel news, especially from the North-East Coast. The South Durham Steel dividend, like that of Dorman Long, disappointed the market, and the report emphasises the basic industrial facts which now affect steel shares. Total profits of South Durham have increased very satisfactorily by £41,071 to £258,343, and profits of the group rose very much more, for the Cargo Fleet Iron profits jumped from £223,402 to £284,832, though its ordinary dividend was only cautiously raised from £40,000 to £50,000. As the Dorman Long accounts showed, however, heavy depreciation allowances are intervening between profits and dividends, as plants are being worked at acute pressure. South Durham has increased its allowance from £85,000 to £110,000, and Cargo Fleet allocates £150,000, against £120,000 for the previous year. Ordinary share earnings, consequently, are only slightly increased, and South Durham has raised its distributions by only one per cent., on the ordinary from 12 per cent. to 13 per cent., and on the "B" ordinary from 6 per cent. to 7 per cent. The moderation of these advances, in a year of peak activity and profits, shows very clearly the caution with which the investor must value highly-gear steel shares. At 43s. 9d., the South Durham ordinary shares yield 6 6s. 6d. per cent., which, probably, does not excessively discount the risks inherent in a share of this type.

Viscount Greenwood's speech at the Dorman Long meeting on Tuesday similarly failed to arouse the market's interest. His review of the recovery which the company has made in the last five years was, of course, a source of satisfaction to the shareholders, many of whom must, in the past, have despaired of any return on their holdings. The output of coal has increased by 65 per cent. since 1932, ironstone by 128 per cent., coke by 133 per cent., pig iron by 171 per cent., steel ingots by 177 per cent. and rolled steel products by 160 per cent. These past achievements, coupled with the greater financial strength of the balance-sheet, are highly satisfactory to shareholders. But Lord Greenwood was almost silent about the prospects for the future, and did not refer to the major economic controversies which are causing steel shareholders disquiet. The chairman attributes primary thanks for the prosperity of the industry to the tariff policy of the Government, but he vouchsafed no opinion about the ability of protection alone to maintain the level of steel demand and profits.

Steel Shares in Prospect.—For holders of steel shares, the future of demand has become a fundamental question. From every steel-producing centre comes striking evidence of prosperity. The deputy-chairman of Hadfields has remarked that the company is in the happy position of not having to run after orders. The chairman of the Tees Conservancy Commission reports record tonnage in and out of the Tees. The Iron and Steel Federation apparently restrained producers from increasing prices further. Scrap prices are fixed for another six months. Yet, at the same time, many steel shareholders are becoming uneasy, and a few prominent industrialists, such as Mr Arthur Chamberlain, have

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openly stated that there is a danger of a falling-off in demand. In the United States, activity in the steel industry has collapsed so rapidly and unexpectedly that investors are beginning to speculate on the potential dangers of a similar collapse here. The latest unemployment figures show a decline in consumption-goods activity, and evidence accumulates that rising costs are hindering some branches of the constructional industries. Is the steel boom, then, nearing its end? A market circular issued this week asserts emphatically that there is no danger. The difference in yield between iron, coal and steel shares and the "gilt-edged" industrials—about £1 rs. per cent.—is regarded as excessive, "especially as dividends, barring accidents, are certain to be maintained and likely to be increased in the future." The circular, however, deals lightly with some of the major arguments which are encouraging investors to take a conservative view. The effect of high steel costs upon constructional work is an important factor, and the arguments which take normal cyclical economic forces into account are equally important. It states that "re-armament gives an assured market for three or four years," despite recent statements by Mr Goodenough, director of Dorman Long, that re-armament accounts for only 10 per cent. of the company's output, and by Commander Craven that 76 per cent. of the Vickers group's steel-making is commercial. Nor is the statement that, when re-armament is complete, "there are still many tasks awaiting completion that will tend to maintain activity," itself axiomatic. Some of these tasks may require heavy public expenditure, but will public funds be in a position to finance them? The steel industry is primarily dependent upon private industrial activity and the market's present conservative valuation of steel shares appears to be based upon a not unreasonable fear that the steel requirements of private industry may not be maintained.

Carreras' Profits.—Although the preliminary profits statement of Carreras, issued at the end of last week, showed an increase of £116,763 to £1,351,596, both this result, and the increase of the ordinary dividends (on a comparable basis) from 45 per cent. to 49 per cent., wholly failed to satisfy the market. Optimistic holders had for some time been content with an appreciable lower rate of return on Carreras, compared with Imperial Tobacco, partly, it may be supposed, because last year's capital bonus had aroused premature hopes of further bonuses to come, and partly because the rate of increase in profits had been over-estimated. On the increased ordinary capital, the latest earnings of £1,139,637 (against £1,081,843) are equivalent to slightly under 50 per cent. and the 35 per cent. dividend is consequently well covered. As the following analysis shows, the balance at profit and loss is increased by no less than £218,000:—

	Years to October 31		
	1935	1936	1937
Net trading profit, after depreciation and fees ...	942,007	1,234,833	1,351,596
Taxation	43,017	70,666	124,212
Staff funds	7,042	17,324	22,747
Preference divs.	65,000	65,000	65,000
"A" and "B" Ordinary:			
Earned	826,948	1,081,843	1,139,637
Paid	708,626	797,204	871,813
Earned %	48.6	66.1	49.6*
Paid %	40	45†	35*

Contingencies fund 100,000 50,000 50,000
Carried forward 1,282,834 808,847 1,026,671
* On increased capital. † And 40 per cent. capital bonus.

On these results, the "A" ordinary shares fell sharply last week-end, and now stand at £7 16s. 9d., to yield £4 12s. per cent. Their return has thus been increased to a basis of equality with that on Imperial Tobacco ordinary. Such a yield may probably be regarded as reasonable, but it is proper to point out that rising costs are operative in this industry, as in others. The large tobacco undertakings, it is true, smooth out the effect

of variations in raw tobacco prices by a stock equalisation policy, so that their accounts are protected from violent price movements. From recent reports, however, it appears that tobacco consumption is not insensitive to trade fluctuations. While current dividend rates are well protected, therefore, moderation in profits estimates for the current year may be a wise policy for tobacco shareholders.

United Molasses Prospects.—The excellent dividend and profits figures of this concern (on which we commented in last week's issue, page 488), have been followed by a comprehensive report, which includes consolidated assets and earnings statements. The trading profits of the parent concern jumped from £716,186 to £1,014,054, and total revenue increased by £307,698 to £1,139,284. The consolidated net trading profits, after taxation, rose from £759,044 to £946,241, as we showed last week. Molasses trading apparently contributed more to these results than might have been inferred from the preliminary figures. Deliveries increased by 370,000 tons, though average prices are being kept almost completely stable. Nor has the company experienced difficulty in securing supplies adequate for its business. The benefit of a stable price policy in encouraging demand, particularly in the fermentation alcohol industry, is apparent from the profits trend. This is a factor of long-term importance, and the company, which sells 60 per cent. of its turnover to Empire countries, has become less dependent on the United States than it was some years ago, though it is not immune from industrial depression there. The company, moreover, is not merely a trading, but also a transport enterprise, and this side of its business can be divorced from molasses when circumstances compel. But since the company's fleet is chartered at fixed rates several months ahead, it did not obtain substantial benefits from the midsummer freight boom. Current rates, however, are still 100 per cent. higher than in October, 1936. There seems, all told, to be an adequate basis for the board's view that profits during the current year will be at least maintained—a view which is founded substantially on forward contracts and charters.

Caterers and Costs.—A year ago, the chairman of J. Lyons and Company issued a warning to shareholders that rising costs of raw materials were adversely affecting profit margins. Dual confirmation of his view comes this week from a company in his group and from the chief competing concern—Aerated Bread Company. At the *Strand Hotel* meeting, reference to increased costs of foodstuffs and equipment was linked to intimation of increased charges. The *Aerated Bread Company's* report reveals the same effect, for net trading profits, after unstated contingencies provisions, are reduced from £221,407 to £207,652, and total income from £234,935 to £217,262. During the past year extensive rebuilding operations at the company's main bakeries have unavoidably affected operations, and added their dis-economies to the rising prices of commodities. Profits, consequently, show the first set-back since 1929, though the stable 5 per cent. dividend is covered by earnings of 6½ per cent. Profits for the past three years are analysed below:—

	Years to end September		
	1935	1936 (approx.)	1937
Net trading profit (after contingencies)	214,339	221,407	207,652
Interest received	9,496	13,528	9,610
Total income	223,835	234,935	217,262
Fees	2,581	2,602	2,645
Depreciation, etc.	65,329	73,120	73,747
Income tax	44,000	45,000	42,000
Preference div.	36,042	36,604	36,009
Ordinary shares:—			
Earned	75,883	77,609	62,861
Paid	49,877	48,876	48,075
Earned %	7.6	7.9	6.6
Paid %	5	5	5
Reserve	25,000	25,000	18,500
Carried forward	44,604	48,337	44,623

Analysis of the balance sheets for the same period reveals a growing deficit on current assets account, now totalling £211,000. Some £137,000 has been expended on additions to property and plant during the past year, while a bank balance of £69,780 has been replaced by an overdraft of £15,322. Rebuilding operations are not yet finished and it would be premature to expect immediate relief from rising costs on the recent fall in primary commodity prices. A yield of slightly over 5 per cent. on the ordinary shares affords no special attraction to buyers at the moment. Meanwhile, both the ordinary and deferred shareholders of *Scribbans and Company*, another company whose fortunes are bound up with the consumption trades, must remain in suspense until the current year ends next April. The directors, faced with increased wages and materials costs and falling selling prices, have felt themselves compelled to defer the consideration of an interim dividend. Shareholders in other consumption goods trades may well reflect on this unequal battle between caterers and costs.

Brewery Earnings and Trends.—Brewery reports issued during the past fortnight show that the rate of increase in profits has been well maintained. Dividend increases are less spectacular, for in general the provision of large sums for improvements to properties has been increased. A 10 per cent. increase in Ind Coope and Allsopp total profits is most satisfactory. Although a 26 per cent. increase was shown in 1935-36, the Nalder and Collyer acquisitions renders the comparison untrustworthy. Walker and Homfrays are the sole exception to the brewery improvement. The financial trials of this concern since 1932, however, put it in a class apart, and it is evident that, sooner or later, the board will be compelled to consider a reconstruction scheme. As we show in the following table, the recovery in brewery profits is well spread geographically:—

Company (year to Sept. 30)	Total Profit	Earned for fixed charges	Earned for Ord. Shares	Ord. div.	Current Price†	Yield %
Ind Coope, etc.:						
1935	842,049	644,607	417,472	36.5	25	109/-xd 5 1 0
1936	1,061,650	773,415	528,829	41.5	27½	
1937	1,171,204	723,524	470,832	36.0	27½	
Benskin's Watford:						
1935	447,431	269,075	219,015	25.9	17½	80/-xd 5 0 0
1936	461,638	284,211	234,192	27.4	20	
1937	479,068	291,584	241,601	28.7	20	
Wolf's-ton & Dis.:						
1935	252,989	240,797	225,236	25.0	14	71/3xd 4 9 6
1936	261,365	260,420	244,885	27.4	15	
1937	270,214	268,291	253,801	28.5	16	
P. Walker & Son:						
1935	461,715	459,777	294,777	20.9	15½	23/6 4 5 0
1936	501,822	499,871	334,871	23.7	18	
1937	561,723	560,136	395,136	28.0	21½	(c) (c)
Hewitt Bros.†:						
1935	128,481	77,678	43,965	18.9	14	57/6 5 8 0
1936	147,423	86,411	53,177	23.2	15	
1937	161,012	94,137	61,446	23.4	15	
Brickwood & Co.:						
1935	215,887	175,784	136,784	21.7	13	62/6 4 19 0
1936	240,612	188,392	149,392	24.0	14	
1937	271,463	202,119	163,119	26.7	15	

† Year ends October 31st. ‡ All shares £1 denomination. (c) 5 per cent. cumulative preference.

These results, however, provide little indication of cost changes which are now in progress. Rising purchasing power and increased demand for bottled beers—on which profit margins are higher—have tended to obscure the cost factor during the latest year. Reference has been made by the chairman of Mitchells and Butlers and Brickwood and Company to the rising cost of barley. Although the increase may well be covered by forward purchases, the effects of such a rise cannot be delayed indefinitely. But one of the most interesting features of the trade is the growth in sales of bottled beers. Ind Coope have used £80,000 to write off bottling plant, and without this allocation the earnings for the ordinary shares would have been a little higher than in 1935-36 instead of lower. Hewitt Brothers, like Brickwood, have been compelled to extend their bottling stores, necessitating an

increase in their capital. Brickwood and Company, whose well-presented accounts are supplemented by a print of the chairman's speech, report that their capacity has been tested to the point of breakdown last year. The question has some bearing on cost, for bottled beers require an increased amount of storage space disproportionate to the rise in sales. And with sharply rising building costs, such additions, combined with the improvement of premises, have some bearing upon profits. Current yields on brewery shares, in general, appear adequate, since, for most companies, they are backed by strong financial circumstances.

Bad News from New Companies.—Recent reports from the majority of new companies have disclosed, on the whole, moderately good results, but the first accounts of some others are poor indeed. News comes this week of two companies recently introduced to the public investor. Assurance Finance Trust was converted into a public company in 1936. Its £1 ordinary shares, introduced in that year, were dealt in between 33s. and 39s., and reached much higher levels earlier this year. As recently as August last, the chairman declared that the volume of business, in some sections, was many times greater than in any previous year, and that turnover for the second half of 1937 would show "a further marked advance." A proposal to increase the authorised capital by £250,000 and to issue 25,000 shares at par was unanimously approved. Early in November, it was reported that the managing director had left the board, following a resolution of a meeting of shareholders. An investigation into the company's affairs, it is now stated, indicates that a very large proportion of the company's share capital (now totalling £250,000) would appear to have been lost, and new business is not being accepted. The fullest investigation and disclosure of the causes of this *débâcle* is evidently required.

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The second piece of bad news concerns a company floated in the South African industrial boom—Stanley Motors, whose £1 preference and 4s. ordinary shares were issued in September last year. The first accounts of this concern show a net loss of £1,584, compared with estimated profits of nearly £70,000. In the profit and loss account this figure is plainly stated as a loss—which, beyond peradventure, it is—but the directors, in their report, prefer to dub it a "profit" of £10,062 (to which is added £16,250 for share premiums) and to transfer £11,646 to "reserve for doubtful debts and unearned finance charges," which now stands "at the considerable figure" of £40,345. The figure, indeed, is considerable, but its magnitude is scarcely a compliment to the board. So far as it represents a necessary provision for anticipated losses, its size would appear to be a testimonial of the "Failed B.A." type. The accounts appear also to suggest that the company—which is registered under South African law—has paid preference dividends, in effect, out of funds provided by share premiums. The chairman seeks to mitigate the loss which has fallen on the shareholders, first by taking over part of the company's tax liability, secondly by providing £16,765 for special writing down of stocks, and thirdly by transferring 8 per cent. of the equity as a free gift to the shareholders. The latter will be grateful, but not unduly so; for it is difficult to be enthusiastic over the presentation, with a lame horse, of a bar of soap. Many shareholders in Great Britain will regret their inability to attend the meeting, which has been called in Johannesburg for the day before Christmas Eve.

Future of Far West Rand.—At the end of last week it seemed that Mr John A. Agnew's speech at the Consolidated Gold Fields meeting (coupled with the Anglo-American Corporation's capital increase) might well stimulate a considerable revival of interest in the Kaffir share market. But though the tone has subsequently been firm, there has been no boomlet. Mr Agnew's discussion of the high level of Union taxation must have fallen on sympathetic ears, though the Union financial authorities will scarcely see the problem in the same light. But, from the speculative aspect, undoubtedly Mr Agnew's most important reference was to the future of the Far West Rand enterprises, which are now reaching an advanced stage of preliminary development. At Venterspost, indeed, underground work on the reef has already been begun. West Witwatersrand, the chairman declared, was entering a "new phase" in its career, and he confidently asserted that the results so far achieved at Venterspost would be repeated along the many miles yet to be developed in the areas originally acquired. So far as modern borehole and geophysical surveys can disclose the ore formations below ground, the case for the Far West Rand seems to have been

proved. From the market aspect, Mr Agnew confessed that he could find no adequate explanation for current share prices. But the shareholder in developing mines is apparently taking some account of the substantial increase in costs of mining equipment, and the possibility that, while the new mines are being opened up, these costs may be further increased. Except for the speculative investor, who is prepared to accept the essential risks of such holdings as West Wits. and "Writts," it is arguable that an interest in the new field can best be acquired through the shares of such a leading mining finance house as Consolidated Gold Fields.

Wiluna's Poor Results.—Australian gold mining has evidently struck a bad patch. The recent Commonwealth Mining and Finance meeting found shareholders aggrieved partly by the heavy fall in their holdings, and partly by the disappointing results disclosed by the development of certain properties. The Wiluna Gold Corporation is an established concern which has, in the past, paid good dividends to its shareholders. For the past year, however, no dividend was received from the operating company, and the shareholders in the holding company have gone dividendless since the distribution of an interim payment for 1935-36. The shares, which reached 70s. 1½d. during 1934, have fallen to 8s. 6d. this week. On the results disclosed by the operating company, it is difficult to find enthusiasm for the shares, even at this low level. Total income has fallen from £1,089,274 to £997,921. Mine, milling, depreciation and other expenses are all appreciably higher, and the net amount available for dividends has thus been sharply reduced from £357,574 to £195,526. This amount, together with £16,500 from the carry-forward, has been employed to write off "Excess development and exploration and advance stope preparation"—a legacy from 1935 which would otherwise have been a burden on annual profits for some time to come.

Working costs per ton rose significantly from 17s. 2.45d. to 17s. 8.78d., owing to increased wages and stores costs. "Positive and probable" ore reserves have been reduced by some 103,100 tons to 2,310,600 tons, compared with last year's estimate of "positive" reserves, while average values have fallen from 5.46 dwt. to 4.74 dwt. per ton. Reserves represent about four years' supply to the mill. Meanwhile development is being pushed ahead fast, but the results exposed to date are not exciting. A sum of £59,846 was expended on special development last year, while capital expenditure absorbed over £300,000. But the results at depth in the main shaft mine show lower gold content and smaller ore bodies. The mine appears to have reached a critical stage in its development, and its future depends upon the nature of ore discoveries from the present development programme. Clearly an early resumption of dividends on any appreciable scale can hardly be expected.

Malayan and S. Malayan Tin.—Dividends of 92½ per cent. and 57½ per cent. respectively by these companies prepared the market for this week's good reports. Both companies had the advantage of a substantial increase in permitted production, for the Malaya domestic quota averaged 73 per cent. of assessed production, an increase of 14.075 per cent. over 1935-36. Both companies also secured an appreciably higher price, averaging approximately £145 per ton, compared with £132 per ton a year before, but in each case costs increased per cubic yard of land dredged. Malayan Tin Dredging shows a total revenue of £363,378 compared with £271,791, and net profits, after provision for substantially increased charges, N.D.C. and depreciation, amount to £186,851, against £164,076. After payment of

THE WEEK IN THE MARKETS THE STOCK EXCHANGE

SETTLING DAYS

TICKET: DECEMBER 14 ACCOUNT: DECEMBER 16

PRICES have ebbed slightly on the Stock Exchange, but there is no symptom of the disorder which spread abroad three weeks ago. The major achievements to the credit of the last complete Account of the year are thus two in number. Prices have been lifted significantly above the low panic levels of the last Account; secondly, despite an adverse unemployment return this week, they have been broadly maintained. Business, on the other hand, has been very thin. Some small investment buying was evident early this week, but speculative operations, both large and small, have been negligible. A natural drift of prices followed the withdrawal of the recent modest support, but no new selling tendency was evident, and the close of the Account was quite featureless.

Gilt-edged securities opened quietly, dipped on Tuesday, and then found some sudden bear support towards the close on Wednesday. But business was never large, though undated stocks perhaps found best support in the recovery. The Paisley scrip opened at ½ premium, of which the best part was maintained during the week, while the Australian scrip made minor gains, to ½ discount.

In the foreign bond market, it has been remarkable to see Brazilian issues (now in default) vying with Chinese issues (with Nanking besieged) for the bigger advance. A statement on the debt position is apparently expected from Rio de Janeiro, but the reports which circulated in the market regarding an outline plan would hardly commend themselves to bondholders generally. Customs issues were well supported in the Chinese group—apart from a nervous day on Tuesday, on reported moves towards peace, and a growing hope that the Japanese authorities would respect the creditors' rights in the Customs Administration.

The home rail market has been quiet, and the recovery on Wednesday must be attributed as much to bear covering as to a welcome for moderate traffics. Argentine debentures were firm, but little business was done in the equity stocks.

Small dealings and the absence of any definite trend have characterised the industrial section. Transatlantic issues were subdued until Wall Street showed its mid-week improvement. Unrelieved dullness affected steel shares. Indian Iron were specially weak on forced Indian selling, Dorman Long fell 1s. 6d. on the day of the meeting (discussed on page 539), while a selected list like Tube Investments, Firth-Brown, and Hadfields, showed significant falls. Electrical equipment shares opened well, but failed to maintain their promise. Supply shares, however, were generally satisfactory, on investment demand.

Appreciable falls in motor shares were recorded, some of the leaders falling by 1s.-2s. 6d. on Tuesday, while aircraft issues remained uninteresting. Most brewery shares were a few pence lower, and in the consumption trades generally, there were falls in tobacco, provision, catering and store shares. Shipping shares lost ground, even P. and O. deriving no benefit from the chairman's speech (discussed on page 538). Limited interest was taken in the miscellaneous industrial leaders, and British Oxygen, Turner and Newall, Imperial Chemical Industries and Murex were included among the many falls. Building materials issues remained dull.

Oil shares began in promising fashion and prices responded to a good demand. The advance was not entirely held, and Tuesday saw a heavy tone at the opening, following dullness in New York. Business dwindled to an extremely small scale, but improved with Wall Street. The 4 per cent. drop in U.S. production, below the quota set by the Bureau of Mines, also assisted the market, and buying orders from Paris and Amsterdam helped a fair local demand.

The rubber market was very steady at the beginning of the week on the maintenance of the commodity price, but business was small and buying too restricted to influence quotations significantly. The market thus became less steady and the few changes in prices were all downward. Share prices failed to respond to the commodity's short-lived spurt. In mid-week the majority of shares were not dealt in and many prices were nominal.

the 92½ per cent. dividend, an amount of £75,861 is carried forward, compared with £74,010 brought in. Southern Malayan's total income rose from £355,151 to £489,217. In this case also, higher charges and increased depreciation have to be met, and the net amount earned has increased more moderately from £188,197 to £251,597, leaving a slightly increased balance to be carried forward. Both mines are well administered, and enjoy a moderate level of costs. Although the quota allowance was maintained at 110 per cent. during the first six months of the current financial year (against 90 per cent. a year ago)—the Malayan domestic quota, of course, is below this rate—the Tin Committee, whose decision was not known as we went to press, had already indicated the desirability of cutting the quota to 85 per cent. for the first quarter of 1938. Since standard tin has fallen from £230 per ton to £194 per ton during the past year, it is probable that average prices will not be maintained by these companies. The combination of these factors goes far to explain the high yields on the best tin shares. Malayan 5s. shares (whose probable working life appears shorter than that of Southern Malayan) yield 13.4 per cent. at the present price of 35s. 7½d., while its sister company's shares offer 9½ per cent. at 30s.

Other Company Results.—Our usual analysis of profit and loss accounts, appearing on page 562, covers as many as 65 further companies. The list includes a number of miscellaneous industrials, but the engineering industries in particular, are well represented. A discussion of the results appears on page 563 under the heading "Shorter Company Comments."

Company Meetings of the Week.—Reports of company meetings will be found in this issue from page 549 onwards. The chairman's comments at the *Peninsular and Oriental Steam Navigation* and *Dorman Long* meetings are discussed on pages 538 and 539. The Right Hon. Lord Catto warned the deferred shareholders of *Tobacco Securities Trust* that although dividends had been resumed, they should not indulge in excessive anticipations regarding the future. At the meeting of *British Overseas Bank*, Mr Arthur Gairdner discussed the factors which had reduced the bank's earnings, and declared that dividends could not prudently be distributed under present conditions. Sir John Caulcutt, at the *Barclays Bank (Dominion, Colonial and Overseas)* meeting, declared that when the revival of an international monetary system proved possible, the only practicable method would be to continue to employ gold as a monetary base. These two bank speeches are discussed at greater length on page 534. Mr C. W. Reeve informed shareholders of *Associated Equipment Company* that business in trolley buses, both at home and overseas, was expanding. Mr J. T. Brockhouse informed shareholders of *J. Brockhouse and Company* that the company could not get enough steel, although it consumed over 100,000 tons annually, and he invited the Iron and Steel Federation to ensure adequate supplies. At the *British Tyre and Rubber* meeting Sir Walrond Sinclair disclosed that the company had offset narrower profit margins by a larger volume of sales. Major M. Gluckstein informed members of the *Strand Hotel* that the company's hotels were being improved in advance of modern standards. Sir Edmund Davis confidently expected the profits of *South-West Africa Company* in the current year to equal the figures recently announced. At the *Cam and Motor* meeting, Mr L. E. B. Homan declared that, while gold seemed to be stabilised at about 140s. per ounce, he did not rule out a higher price. Mr W. Arthur Addinsell disclosed that the exportable allowance of *Bukit Kajang* would approximate 1,497,000 lbs., compared with 1,336,000 lbs. harvested last year.

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Tea shares made an unsatisfactory start, and there were appreciable declines in a number of the principal Indian and Ceylon issues. Business continued restricted, with no public interest.

The improvement in the mining market last week was not maintained at first. Business continued at a very disappointing level, but Tuesday's close was appreciably firmer. From time to time, Cape buying found a response in prices, but turnover remains modest. Little business was transacted in Rhodesian copper shares, though a moderate demand brought a firmer tendency later in the week. Interest was almost completely lacking in West African issues. Tin shares found good support at the start, but later turned dull, following the fall in the metal.

"FINANCIAL NEWS" MARKET INDICATORS

	Dec. 2	Dec. 3	Dec. 6	Dec. 7	Dec. 8	Dec. 9
Approximate total of gains recorded in S.E. List	7,180	6,320	7,315	6,795	6,110	6,645
Corresponding day 1936	8,839	8,419	9,691	8,942	8,644	9,500
SECURITY MOVEMENTS						
Index of 30 Ordinary Shares (July 1, 1935=100)	98.4	98.3	98.5	97.2	98.8	95.9
Index of 20 Fixed Interest Securities (1928=100)	129.1	128.9	129.0	128.9	129.0	129.1

Highest 1936: Ordinary Shares 124.9 (Nov. 18); Fixed Interest 138.8 (Feb. 10).
Lowest 1936: Ordinary Shares 107.4 (Jan. 2); Fixed Interest 136.2 (Sept. 23).
Highest 1937: Ordinary Shares 124.8 (Jan. 4); Fixed Interest 136.6 (Jan. 4).
Lowest 1937: Ordinary Shares 93.1 (Nov. 22); Fixed Interest 126.0 (Sept. 8).

ACTUARIES' INVESTMENT INDEX

The Actuaries' Index of 177 industrial ordinary shares recovered slightly to 74.0 last Tuesday, compared with 73.6 a week ago, but it is still significantly lower than 77.4 a month ago. The corresponding yields are 4.92, 4.95, and 4.69 per cent. The majority of the component indices are higher than last week, though motor shares are an exception. The following table gives a selection of the component indices.

Group (and Number of Securities)	Prices (Dec. 31, 1928 = 100)			Yield (%)		
	Month ago (Nov. 2, 1937)	Week ago (Nov. 30, 1937)	This week (Dec. 7, 1937)	Month ago (Nov. 2, 1937)	Week ago (Nov. 30, 1937)	This week (Dec. 7, 1937)
	Dec. 2	Dec. 3	Dec. 6	Dec. 2	Dec. 3	Dec. 6
Insurance companies (24) ...	120.1	123.5	123.2	3.64	3.57	3.57
Building materials (5) ...	88.7	86.3	87.4	6.08	6.23	6.16
Coal (7) ...	111.3	104.9	108.0	4.34	4.58	4.53
Electric light and power (16) ...	118.9	116.7	117.3	4.49	4.58	4.56
Iron and steel (12) ...	70.3	64.9	66.4	5.56	6.10	5.95
Motors (5) ...	45.4	40.2	38.8	5.39	5.68	5.93
Oil (5) ...	86.0	77.7	79.2	7.67	8.68	8.50

We are officially informed that on December 3rd Messrs. Solomon Charles Cohen, Gordon Ratan Roy, and Ernest Charles Pawley, trading as S. Charles Cohen and Company, were declared defaulters upon the London Stock Exchange.

NEW YORK STOCK EXCHANGE

The market has slowly improved during the past week, and operators have been encouraged by signs of rising volume on the upward movement and dwindling volume on the occasional reactions. There has been no special news to explain the firmer tone of the markets. Washington has provided nothing more promising than a seven point programme enunciated by Mr. Wallace which was pleasantly vague. Amid a few shreds of better industrial news, *Iron Age's* estimate of steel operations for the current week showed a further reduction to 27.5 per cent. against 30 per cent. for last week. Despite this lack of improvement in steel output, steel shares have

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shared in the general rise. Aviation shares were prominent during the week, on hopes of a rapid expansion in air travel during 1938, aided, perhaps, by reports that the Government may assist in developing air fields. Rails and utilities are both slightly better than a week ago. There are already signs of the usual end-of-year switching for tax purposes, and consequently movements are inclined to be irregular. The bond market moved quietly downward, with Government issues adjusting themselves to the new issues, which were heavily oversubscribed.

Dec. 1, 1937 (Close) Dec. 8, 1937 (Close) Dec. 9, 1937 (Latest)

1. RAILS & TRANSPORT			4. MANUFACTURING		
Atchafalaya	38	41	41	22	25
Balt. and Ohio	111	122	122	56	59
B.M.T.	101	102	102	19	20
Can. Pacific	81	81	81	35	35
Ches. and Ohio	37	39	39	7	7
Gt. N.H. Ry. Pl.	25	28	28	6	6
Illinois Central	101	111	111	10	11
N.Y. Central	18	20	20	5	4
Nor. Pac.	12	13	13	13	13
Pennsylvania R.R.	22	23	23	27	26
Southern Pac.	19	23	23	33	37
Southern Ry.	12	14	14	23	23
Union Pac.	88	88	88	49	52
Greyhound Cp. New	10	11	10	155	165

2. UTILITIES AND COMMUNICATIONS			5. RETAIL TRADE AND FOOD		
Am. Waterworks	13	14	14	22	21
Crescent & S. Ry.	21	21	21	151	155
Cons. Gas of N.Y.	25	26	25	10	10
Col. Gas & Electric	91	91	91	18	18
Elec. Bond & Share	11	11	11	10	10
Nat. Pwr. and Lt.	8	8	8	10	10
North American	22	23	22	10	10
Pac. Gas & Electric	28	26	26	10	10
Lighting	37	38	38	10	10
Pub. Service N.J.	36	36	35	10	10
Stan. Gas & Elec.	5	5	5	10	10
United Corp.	4	4	4	10	10
United Gas Imp.	11	11	10	10	10
Am. Tel. & Tel.	148	150	150	10	10
Int. Tel. and Tel.	7	8	7	10	10
Western Union	27	27	26	10	10
Radio	7	7	7	10	10
Radio B. Pref. New	51	53	53	10	10

By courtesy of the Standard Statistics Company, Inc., of New York, we print the following index figures of American values calculated on closing prices (1928=100):—

	1936		1937		Be- ginning of Year 1937	Nov. 24, 1937	Dec. 1, 1937	Dec. 8, 1937
	Lowest Apr. 29	Highest Nov. 10	Lowest Nov. 24	Highest Mar. 10				
347 Industrials ...	112.7	145.9	86.7	155.7	143.2	86.7	93.5	97.7
32 Rails ...	42.8	60.2(b)	28.4	64.5(f)	54.8	28.4	30.8	32.2
40 Utilities ...	91.2	111.0(a)	78.3	116.4(b)	111.7	78.3	79.7	80.5
Total, 419 Stocks	97.7	125.4	75.8	132.4	123.5	75.8	81.1	84.3
Average yield* ...	4.50% High (c)	2.65% Low (a)	8.60% High	3.20% Low (d)	3.53% Low	8.60% High	8.29% Low	7.88% High

* 50 Industrial Common Stocks. (a) April 8th. (b) October 14th. (c) December 23rd. (d) December 2nd. (f) March 17th. (g) February 10th. (h) January 18th.

DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1928=100)

Highest*	Lowest†	Dec. 1	Dec. 2	Dec. 3	Dec. 4	Dec. 6	Dec. 7	Dec. 8
180.8	98.9	105.2	107.4	109.1	109.2	107.6	109.3	110.0

* March 6th.

† November 24th.

TOTAL DEALINGS IN NEW YORK

	Dec. 2	Dec. 3	Dec. 4*	Dec. 6	Dec. 7	Dec. 8
Stock Exchange— Shares (No. Thous.)	940	1,560	570	840	870	1,520
Bonds (Thous. \$)	7,040	9,850	4,880	7,820	6,900	8,940
Curb— Shares (Thous.)	186	233	112	180	188	240

* Two-hour session.

CAPITAL ISSUES

TRUSTEE borrowing has been continued this week with an issue of *Southern Rhodesia* 3½ per cent. stock, dated 1961–66, at £101 per cent.—terms identical with recent corporation borrowing except for a few years' extension of life. The proceeds of the loan are required for public works, not more than 7 per cent. being expended outside the Empire. The prospectus was accompanied by a detailed economic review of the colony, and while some quarters were inclined to regard the price as fractionally high, in view of its somewhat extended date, the security of the stock appears well protected. We comment in general terms on the *New Mercantile Investment Trust* prospectus on page 538. Subject to our earlier comments, the debenture stock should form a reasonably attractive holding. There are certain points concerning the ordinary shares, however, which deserve comment. The first is the question whether, in principle, this is the right time for forming new investment trusts—a question which is optionally safeguarded by the extended instalments on the debenture and ordinary share issues. Secondly, a partly-paid share is not likely, in practice, to form the most popular investment trust operation. Thirdly, during the early years of investment trust operation, it is wise to expect modest dividends while adequate reserve funds are built up. Statements for information only have been issued by *Rugby Portland Cement*, and *Northern Securities Trust*, both in respect of debenture issues.

TOTALS OF CAPITAL ISSUES DURING WEEK

Net Sales of National Savings Certificates, Week ended December 4, 1937, Dr. £50,000.

To the Public	Nominal Capital	Conversions	New Money
To Shareholders only	5,250,000	...	5,475,000
By Stock Exchange Introduction	742,314	...	847,687
By Permission to Deal	189,606	...	249,088
Total Capital Raised—	5,250,000	...	5,475,000

Total Capital Raised—	Including Conversions	Excluding Conversions	Total offered for Subscription— Including Conversions	Excluding Conversions
1937 (New Basis) ...	508,773,110	447,229,082	Whole Year (New Basis)—	...
1937 (Old Basis) ...	306,470,471	242,008,822	1936 ...	642,017,245
1936 (New Basis) ...	617,014,542	469,137,062	1935 ...	698,313,125
1936 (Old Basis) ...	379,827,999	240,045,776	Whole Year (Old Basis)—	...

January 1 to date (Old Basis)—	Including Conversions	Excluding Conversions	Total offered for Subscription— Including Conversions	Excluding Conversions
1935 ...	544,201,317	232,624,159	1936 ...	402,470,003
1934 ...	406,352,595	166,534,196	1935 ...	548,351,393
1928 ...	538,263,908	363,882,923	1934 ...	410,980,300

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Prices, Year 1936		Prices, Year 1937 Jan. 1 to Dec. 8 inclusive		Name of Security	Price, Dec. 1, 1937	Price, Dec. 8, 1937	Rise or Fall	Yield Dec. 8, 1937	Prices, Year 1937 Jan. 1 to Dec. 8, inclusive		Last two Dividends			Name of Security	Price, Dec. 1, 1937	Price, Dec. 8, 1937	Rise or Fall	Yield Dec. 8, 1937
High- est	Low- est	High- est	Low- est						High- est	Low- est	(a) %	(b) %	(c) %					

97	82	84	73	Consolidated	75	74	...	3	7	4	30	32	5(5)	5(5)	Bank of N. Zealand	33/9	33/9	...	2 1/2	
112	112	113	105	Do. 4% Red at par	110	110	...	3	7	4	37	32	5(5)	5(5)	Bank of England Stk.	34 1/2	34 1/2	+	3 10	
102	100	101	94	Conversion 24 Feb. 1957	98	98	...	2	14	7	80/100	71/6	7(7)	7(7)	Barclay B. (21)	76 1/2	76 1/2	+	3 10	
105	103	103	97	Do. 3%, 1948-53	101	101	...	2	18	7	10	8 1/4	44(3)	44(3)	Barcl. (Dom. Acc.) (A)	42/6	43 1/2	+7 1/2	2 15	
108	104	106	98	Do. 3 1/2% after 1961	102	102	...	3	9	3	44 1/2	38 1/2	8(8)	8(8)	Bk. of Australasia (5)	81	8 1/2	...	4 15	
111	107	108	105	Do. 4 1/2% 1940-44	105 1/2	105 1/2	...	2	10	10	28 1/2	24 1/2	5(5)	5(5)	Bk. of Montreal (100)	438 1/2	439 1/2	+	4 15	
121	116	117	111	Do. 5% 1944-64	114	114	...	2	16	0	101	57 6	8(8)	8(8)	Bk. of N. Wales (200)	25 1/2	26 1/2	+	3 10	
98	92	92	89	Funding 2 1/2% 1958-61	89 1/2	89 1/2	...	3	2	9	17	12 1/2	7(7)	7(7)	Chtd. of India (5)	60	60	...	Nil	
101	101	101	95	Funding 2 1/2% 1958-57	95 1/2	95 1/2	...	3	1	9	15 1/2	12 1/2	8(8)	8(8)	Comd. Bk. of A. 10/1	12 1/2	12 1/2	...	5 14	
119	115	116	100	Funding 2 1/2% 1954-59	97 1/2	97 1/2	...	3	5	6	58	50 1/2	16 1/2	16 1/2	Dist. B. of A. 5% 1/2	13	13	...	4 0	
102	98	96	96	Funding 2 1/2% 1960-90	112	112	...	3	5	6	58	50 1/2	16 1/2	16 1/2	Do. B. 1 fully paid	85 1/2	85 1/2	...	3 17	
117	113	114	107	Nat. Defc. 2 1/2% 1944-48	99	99	...	2	13	3	108 1/2	85 1/2	31(3)	31(3)	Eng. Scot. & Aust. 5 1/2	87 1/2	87 1/2	...	3 16	
107	104	105	99	Victory Bonds 4%	111	111	...	3	12	7	11	10 1/2	10 1/2	10 1/2	Hambro 10, 1/2 paid	106	106	...	4 16	
104	104	105	97	War Ln 3 1/2% after 1952	101	101	...	3	9	2	121 1/2	94 1/2	13(3)	13(3)	Hong. & S. (125)	480 1/2	488 1/2	+	4 0	
98	94	96	84	Local Loans 3%	87 1/2	86 1/2	...	3	9	4	69	58 10 1/2	6(6)	6(6)	Lloyds 5, with 1 pd.	60	60	...	4 0	
103	101	102	99	Austria 3% 1933-53	102	102	...	2	18	5	10	8 1/2	7(7)	7(7)	Midland 1/2, fully pd.	84 1/2	85 1/2	+	3 15	
76	70	72	62	India 2 1/2%	67	66 1/2	+	3	15	2	94 1/2	81 1/2	8(8)	8(8)	Nat. of Egypt 10	38 1/2	38 1/2	...	4 0	
89	83	85	74	Do. 3%	80	80 1/2	+	3	15	0	44	37 1/2	11(1)	11(1)	Nat. of Egypt 10	84 1/2	85 1/2	+	3 15	
100	96	98	87	Do. 3 1/2%	94	93 1/2	+	3	14	10	47	38 1/2	9(9)	9(9)	Nat. of Egypt 10	38 1/2	38 1/2	...	4 0	
120	118	119	112	U.K. & Arg. 5% (A 1947)	114	114 1/2	+	3	10	0	146	144 1/2	7(7)	7(7)	Nat. Prov. 10, 1/2 pd	42	42	...	5 7	
107	104	105	102	Do. 5% 1945-75	103 1/2	103 1/2	...	3	12	1	49 1/2	45 1/2	8(8)	8(8)	Royal Bk. of A. 20, 1/2	14 1/2	14 1/2	...	3 12	
113	108	109	105	Australia 5% 1945-75	107 1/2	107 1/2	...	3	19	4	101 1/2	89 1/2	9(9)	9(9)	St. of S. Af. 20, 1/2	465	470	+	3 2	
106	102	104	101	Canada 4% 1940-60	104	104	...	2	15	6	...	...	...	...	Westminster 1/2, 1	14 1/2	14 1/2	...	4 15	
118	114	116	111	Gold Coast 4 1/2 1956...	113	111 1/2	+	3	13	7	94 1/2	62/6	10(1)	7 1/2	Discount Cos.	67/6	70 1/2	+2/6	5 0	
120	117	117	114	Nigeria 5% 1950-60	115	115	...	3	12	9	6 1/2	5	5(5)	5(5)	National A. 2 1/2 fully pd.	6 1/2	6 1/2	...	4 9	
114	108	109	104	N. Zealand 5% 1946...	109	107 1/2	+	4	1	1	16 1/2	12	17(6)	9(9)	National A. 2 1/2, 2 1/2 pd.	13	13	...	5 0	
108	106	107	109	Queensland 5% 1940-60	106	106	...	3	2	5	54 1/2	44 1/2	6 1/2	3 1/2	Union J. stock	47/6	47/6	...	4 0	
117	113	114	108	S. Africa 5% 1945-75	113	111 1/2	+	3	8	2	82	26 1/2	30(6)	40(6)	Insurance	28 1/2	28 1/2	...	3 2	
102	98	103	93	Argentina 5% Stg. Bds	94	98 1/2	+	4	12	3	15 1/2	13 1/2	+16(6)	+36(6)	Alliance J., fully pd...	15 1/2	15 1/2	...	2 12	
105	103	105	98	Austria 7% 1957	102	102	...	7	0	9	10 1/2	9 1/2	20(6)	20(6)	Atlas 5 1/2, fully pd...	10 1/2	10 1/2	...	4 0	
98	82	91	84	Do. 4 1/2 1934-59	87 1/2	87 1/2	...	5	11	3	8 1/2	4	21(6)	18(6)	Com. Un. J., fully pd...	15	15	...	2 10	
72	71	73	60	B. Aires (Prov.) 3 1/2%	61 1/4	64 1/4	+	3	5	10	6	35 1/2	29 1/2	25(6)	25(6)	Gen. Accident J., 5/2 pd.	10 1/2	10 1/2	...	3 5
97	95	102	96	Belgian 4% red. by 1970	98	99	+	1	4	2	0	14	11	3/2(2)	35(6)	Lon. & Lanc. 5 1/2, 5/2 pd.	31 1/2	31 1/2	...	3 4
37	14	32	24	Bulgaria 7 1/2 Loan	32	32	...	7	13	10	20	21 1/2	18 1/2	40(6)	81(6)	N. Brit. & Merc. 4 1/2, fy. pd.	12	11 1/2	...	2 12
83	85	89	41	Brazil 5% Fund. 1914...	42	43 1/2	+1 1/2	11	9	9	22 1/2	18 1/2	+26(6)	+22(6)	Northern 10, 1/2 fully pd.	20 1/2	20 1/2	...	2 14	
23	16	28	14	Chili 6% (1929)	16 1/2	17 1/2	+	1	3	8	6	18 1/2	15 1/2	6(6)	6(6)	Pearl J., fully pd	20	20 1/2	...	2 12
84	86	94	54	China 5% (1912)	57 1/2	59 1/2	+	2	8	10	2 1/2	32 1/2	+158(6)	+225(6)	Phonix J., fully pd	20	20 1/2	...	2 14	
95	80	101	60	Do. 5% (1913)	65 1/2	67 1/2	+	2	7	12	3 1/2	114 1/2	+108(6)	+145(6)	Prudential J., fully pd	16 1/2	16 1/2	...	2 15	
112	95	107	101	Czechoslovakia 5%	102 1/2	102 1/2	...	7	1	5	4 1/2	11 1/2	9 1/2	19(6)	15(6)	Do. J., with 4% paid	105 1/2	102 1/2	-2/6	1 18
10	96	102	92	Danish 3 1/2 (g) (1952)	97 1/2	97 1/2	...	4	7	1	6 1/2	18 1/2	6(6)	6(6)	Royal Exchange 10	10 1/2	10 1/2	...	2 19	
70	57	72	47	Danzig 6% (g) (1952)	49	47	-2	9	11	8 1/2	18 1/2	16 1/2	3(3)	3(3)	R. val J., 10/2 pd	17	17	...	3 14	
104	102	108	100	Egypt Unified 4%	101	101 1/2	+	1	3	18	6	93 1/2	80 1/2	1/3(6)	6(6)	Sc. Un. & Nat. A. 20, 1/2 pd	86 1/2	86 1/2	...	3 17
25	17	18	12	French 4% (British)	12	13	+	1	5	2	0 1/2	8 1/2	7	10(6)	11(6)	Sun. Insur. J. with 1/2 pd	17	17	...	3 14
86	53	65	35	German 7% Dawes Ln.	57	57	...	12	6	0	21	18 1/2	70 1/2	1/3(6)	6(6)	Sun Life Assur. J., fy. pd	8 1/2	8 1/2	...	3 8
46	34	49	35	Do. 5 1/2% (Young Ln.)	40 1/2	39 1/2	-1	14	2	0	...	...	...	...	Yorkshire J., fully pd	19 1/2	19 1/2	...	2 11	
40	29	40	30	Greek 6% Stab. Ln.	32	33 1/2	+	1	7	2	0m	311 1/2	287	8 1/2	3(3)	Investment	270	267	-3	4 13
45	35	48	38	Do. 7% Refugees	39	40 1/2	+	1	7	3	0m	80	39	2 1/2	3(3)	Anglo-Celtic, Deb.	68 1/2	68 1/2	...	4 7
82	39	62	47	Hungary 7 1/2%	56 1/2	56 1/2	...	6	13	6 1/2	9 1/2	1	1(1)	1(1)	Atlas Electric, etc. (1...	4 1/2	4 1/2	...	Nil	
90	79	88	52	Japanese 5 1/2 1936-58	64	64	...	1	8	19	3 1/2	258	120	3(3)	Brit. Assets Trust 5 1/2	11/3	11/3	...	3 6	
97	83	94	57	Do. 6 1/2 (1924) red 1959	66	66	...	9	8	3 1/2	258	120	3(3)	3(3)	Debutante Corp. Stk.	232 1/2	232 1/2	...	4 8	
100	120	120	101	Norwegian 5% 1911	115	115	...	3	10	0	...	...	...	...	For. Amer. etc., Det.	139	139	...	5 6	
53	41	61	42	Peru 7 1/2 1922	50	45	-5	...	...	...	154 1/2	139 1/2	4(4)	4(4)	Guardian Investment	247	247	...	4 13	
93	60	83	56	Poland 7%	69	69	...	10	2	10	805	241	7 1/2	6(6)	Indus. and Gen. Ord.	247	247	...	4 13	
15	8	20	13	Roumania 4% Con. 1922	15 1/2	15 1/2	...	10	8	0 1/2	386	280	8(8)	5(5)	Lake View Trust Def.	274	274	...	4 15	
116	112	116	112	U.K. & Argentine 1933	112 1/2	112 1/2	...	4	5	6	23/3	15/6	6(6)	6(6)	Mercantile Invest. 10/	18 1/2	18 1/2	...	4 17	
92	79	96	88	5 1/2 B. Certs. (1931)	90	91	+1	3	5	3	809	248	7(7)	7(7)	Mercantile Investment	245	248	+3	5 12	
27	22	25	21	Do. C. Certs. (3% Max.)	21 1/2	21 1/2	...	7	9	...	181	249	4(4)	4(4)	Metropolitan Trust Ord.	155 1/2	155 1/2	...	4 16	
119	116	118	113	Corporation Stocks	113	113	...	3	8	0	252	215	3(3)	3(3)	Scottish Investment (8-)	5 1/2	5 1/2	...	4 18	
120	117	119	114	Birmingham 5% 1948-58	115	115	...	3	9	0	255 1/2	217	3(3)	3(3)	Scottish Mortgage, etc.	219	219	...	4 17	
121	117	119	114	Bristol 5% 1948-58	115	115	...	3	9	0	255 1/2	217	3(3)	3(3)	Trustee Corp. Ord.	215	215	...	4 11	
97	83	95	82	Danzig 7% (b) (1950)	85	85 1/2	...	3	10	3	18 1/2	10	2 1/2	2(2)	United States Debenture	196 1/2	196 1/2	-4	5 3	
106	85	109	97	E. London 5% 1960-7	102	102	...	4	8	9	37	22	Nil	Nil	Financial Trusts, &c.	12 1/2	11 1/2	...	4 18	
97	83	95	82	L.C.C. 3% 1960-7	85	85 1/2	...	3	10	3	18 1/2	10	2 1/2	2(2)	Argentine Land, &c. 10/	12 1/2	11 1/2	...	4 18	
106	85	109	97	Seine (Dpt of) 4 1/2 1952	102	102	...	4	8	9	37	22	Nil	Nil	Argentine Land, &c. 10/	12 1/2	11 1/2	...	4 18	

[illegible]

(g) Interest reduced to 4%.

Prices, Year 1937 Jan. 1 to Dec. 8, inclusive				Last Two Dividends				Name of Security	Price, Dec. 1, 1937	Price, Dec. 8, 1937	Rise or Fall	Yield, Dec. 8, 1937	Prices, Year 1937 Jan. 1 to Dec. 8, inclusive				Last Two Dividends	Price, Dec. 1, 1937	Price, Dec. 8, 1937	Rise or Fall	Yield, Dec. 8, 1937
High est	Low est	(a)	(b) (c)	High- est	Low- est	(a) (b) (c)															
Iron, Coal, &c.—cont.																					
42/1	27-1	10 1/2	7 1/2 (a)	Hadfields 100-...	31/3	31/3	...	5 12 0	64/6	41 9	m29(c)	m29(c)	47/6	46/3	-1/3	3 8 0					
15/8	6-1	Nil	Nil	Har. & W. B. Ord. £1	7/6	8-	+6d	Nil	36/9	25 6	5(c)	7 1/2(c)	28/11	28/9	+7 1/2d	5 4 0					
35/7	26-8	2 1/2	2 1/2 (b)	Horden Collieries £1	30/-	30/-	...	6 19 3	27/-	20/-	5(c)	2 1/2(c)	21/10	21/10	...	4 10 6					
11/4	7-6	Nil	Nil	London & Lanc. £1	30/-	30/-	...	6 6 9	38/3	18 9	4(a)	5(b)	15/6	15/6	...	11 12 0					
18/4	10 1/3	Nil	Nil	Ocean Coal & Wilsons £1	14/4	13/9	-7 1/2d	2 18 0	64/6	42 8	15(b)	7 1/2(b)	47/6	47/6	...	5 0 0					
27/8	20	14 (a)	5 (b)	Pease and Partners 100-	12/-	11/6	-6d	4 6 0	55/6	40	10(c)	4(a)	36/7 1/2	46/3	+7 1/2d	4 6 0					
28/9	18 1/4	5 (c)	6 (c)	Powell Duffryn £1	23/-	22/6	-1/6	6 10 0	39/4 1/2	33 5	5 1/2 (a)	5 1/2 (a)	47/6	47/6	...	4 5 0					
52/6	41 3	24 (a)	17 1/2 (b)	Ruston & Hornsby £1	42/6	35 7/2	+1 1/4	4 11 5 1/2	83 1/2	59	120(c)	120(c)	51 5	51 5	...	3 10 0					
44/-	30-	8 (b)	34 (a)	Sheepbridge Cl. & In. £1	47/6	43/9	-3/9	6 6 0	107	98	5 1/2 (a)	2 1/2 (a)	87/6	85/-	-2/6	3 10 0					
57/8	39-	2 (c)	13 (c)	Shipley Collieries Ord. £1	21/3	21/3	...	7 0 0	8 1/2	7 1/2	15(a)	20 (b)	62 1/2	60 1/2	+4	Nil					
83/6	20-	8 (c)	13 (c)	S. Durham 100-	46/3	46/3	...	4 6 6	23 1/2	6/9	17 1/2 (b)	Nil (a)	100 1/2	101 1/2	+1	5 9 0					
55/8	41 3	8 (b)	6 (b)	Stanton Ironworks £1	56/3	57/6	+1/3	4 6 9 1/2	25/-	15 6	20(c)	25(c)	17/6x	17/6x	...	7 2 9					
60/8	43/4	32 5	5 (c)	Staveley Coal, etc. £1	36/3	36/10 1/2	+7 1/2d	4 1 3	63/9	32/6	10(c)	10(c)	36/3	37/6	...	5 6 9					
43/4	24/3	4 (b)	3 (a)	Stewarts and Lloyds £1	27/6	27/6	...	5 9 6	30/0	32/6	5 (a)	10 (b)	37/6	37/6	...	7 0 0					
17/-	9-	10 (b)	5 (a)	Swan, Hunter £1	19/6	22/6	...	Nil	27/6	15 6	10(c)	10(c)	17/6	17/9	+3d	5 12 0					
10/-	6-	5 (c)	3 (a)	Thames (Richard) £1	27/6	27/6	...	5 9 6	30/0	32/6	5 (a)	10 (b)	28/6	28/6	...	8 4 0					
8129 1/2	54 1/2	Nil (c)	1 (c)	Thornycroft, John, £1	55 1/2	55 1/2	...	1 14 2	24/9	14 6	5 (a)	10 (c)	15/6	16/9	+1/-	6 8 0					
34/8	5-	2 1/2 (a)	1 (c)	Un. Steel (S.A.) Ord. 5/-	26/10 1/2	27/6	+1 1/2d	6 6 0	68/3	49/6	6 (b)	5 (a)	53/9	53/9	...	3 14 5					
34/8	27 1/2	7 1/2 (c)	10 (c)	Un. States Steel Cos. Ord. £1	25/9	25/6	-3d	3 19 0	145/7 1/2	110	19 1/2 (b)	7 1/2 (a)	120/-	121/3	+1/3	4 8 0					
49/4	31/6	10 1/2	12 1/2 (c)	Vickers (10/-) £1	30/-	27/6	-2/6	7 6 9	9 1/2	8 1/2	Nil (c)	Nil (c)	22/6	22/6	...	Nil					
156/3	110-	22 1/2 (b)	12 1/2 (a)	Ward (Thos. W.) £1	36/3	35 1/2	-1/3	6 0 0	82/3	80 1/2	5 (a)	5 (a)	33/3	33/3	...	7 2 0					
83/9	49-	15 (c)	15 (c)	Whitehead Steel etc. Df. £1	117/6 3/4	117/6 3/4		6 0 0	166/3	78 1/2	5 (a)	20 (b)	34/3	34/3	...	5 1 0					
Yarrow & Co. £1																					
50/-																					
50/-																					
Textiles																					
12/11	4/10	Nil	Nil	Bleachery £1	5/6	5/3	-3d	Nil	62/6	25 9	8(c)	9(c)	76/9	76/3	-6d	4 18 0					
12/6	4/10	Nil	Nil	Bradford Dyers £1	5/6	5/6	...	Nil	41/10	31-	5 1/2 (b)	3 (a)	36/3	35/3	-1/-	4 15 0					
11/4	7-	Nil	Nil	Brit. Celanese Ord. (10/-)	4/6	4/-	-6d	Nil	24/11	12/-	Nil (c)	5 (c)	14/3	13/6	-6d	7 7 0					
55/8	40 6	10 (c)	10 (c)	Calico Printers £1	7/6	7/6	...	Nil	9 1/2	17 1/2	7 1/2 (a)	7 1/2 (a)	Imperial Tobacco £1 ...	£4 1/2	+1/4	3 8 9 1/2					
49/-	35/7	7 1/2 (b)	24 (a)	Coats, J. and P. £1	42/3x	42 1/2x	-3d	4 14 0	£75 1/2	£35 1/2	£1 30	£25	International Tea 5/-	12/3	12/3	...	5 8 0				
55/8	42	7 (b)	3 1/2 (a)	Courtaulds £1	37/6	38/-	+6d	5 6 0	70/7	51 3	22 1/2 (a)	22 1/2 (a)	London Brick £1	57/6	56/10 1/2	-7 1/2d	4 0 0				
49/-	35/7	7 1/2 (b)	24 (a)	English Swg. Ctn. £1	6/6	6/6	...	Nil	6 1/4	41	14 1/2 (b)	8 1/2 (a)	Lyons J. Ord. £1	5 1/2	5 1/2	...	4 0 0				
14/6	6-	Nil	Nil	Fine Cotton Spinning £1	33/-	33/-	...	5 2 3	90/7 1/2	53 9	25 (b)	15 (a)	Marks & Spencer 'A' 5/-	62 1/2x	60 1/2x	-2/-	3 6 9				
83/6	82 5	Nil	Nil	Hayes & Threlk. £1	48/9	49/4 1/2	+7 1/2d	5 1 0 1/2	5 3 1/2	7 1/2 (b)	12 1/2 (b)	12 1/2 (b)	Murex £1	4 1/2	4 1/2	...	4 5 3				
69/3	46-	+12 1/2 (c)	12 1/2 (c)	Patons & Baldwins £1	33/-	33/-	...	4 14 0	28/7 1/2	17 9	Nil	Nil	Phillips (Godfrey) £1	40/-	39/4 1/2	-7 1/2d	6 0 0				
23/9	15-	2 (a)	4 (b)	Whitworth & Mitchell £1	16/3	16/3	...	7 7 9	46/4 1/2	38/9	9 1/2 (b)	2 1/2 (a)	Pinechin Johnson 100-	38/-	39/-	+1/-	5 3 3				
Electric Light & Power																					
56/7 1/2	37 3	8 (c)	10 (c)	Associated Elec. (£1) ...	44/-	45/-	+1/-	4 10 0	67/-	39/6	12 1/2 (a)	32 1/2 (b)	Reckitt Steel Ord. (5/-)	42/6	42/-	-6d	5 7 0				
100/-	86/6	15 (b)	5 (a)	British Insulated (£1) ...	93/9	93/9	...	4 11 0	67/-	55/-	11 1/2 (b)	34 (a)	Radiation Ord. £1	57/6	57/6	...	5 4 0				
99/9	85-	15 (b)	5 (a)	Callenders (£1) ...	37/6	37/6	...	1 7 6	115/7 1/2	107 1/2	22 1/2 (a)	22 1/2 (a)	Pratt & Sons Ord. £1	107/6x	102/6x	...	5 4 0				
78/-	44 1/6	6 (a)	6 (b)	Crompton Parkinson 5/-	29/-	29/6	+6d	Nil	21/9	10 6	6 1/2 (b)	15 (a)	Sears (J.) Ord. 5/-	14/-	14/3	+3d	4 14 0 1/2				
37/6	27/-	Nil	Nil	English Electric £1	77/6	77/6	...	4 10 0	62/6	56/3	12 1/2 (b)	2 1/2 (a)	Smithold & Arg. Meat £1	14/6	13/9	-9d	3 12 0				
94/9	70/-	15 (c)	17 1/2 (c)	General Electric (£1) ...	19/4 1/2	19/4 1/2	...	4 7 6 5/4	54/3	44/9	15 (c)	15 (c)	Spillers Ord. £1	58/6	58/6	...	5 2 0				
23/-	17/-	15 (b)	6 (b)	Hewley (W. T.) (£1) ...	42/6	42/6	...	4 14 0	28/7 1/2	17 9	Nil	Nil	Do. Deferred £1	46/6	46/6	...	6 8 0				
54/8	46-	6 (c)	7 1/2 (c)	Johnson & Phillips £1	28/9	28/9	...	5 4 4	91/6	72/6	4 (a)	14 (b)	Swed. Match. B. (kr. 25)	20/7 1/2	21/3	+7 1/2d	Nil				
58/-	26 3	6 (c)	7 1/2 (c)	Siemens £1	39/6	39/6	...	4 1 0	77/6	33 1/2	5 (b)	5 (a)	Tate and Lyle £1	77/6	79/4 1/2	+1/10 1/2	4 12 0				
Electric Light & Power																					
83/9	£11 1/2	7 c. (a)	£1 (c)	Brazil Trac., no par	£11 1/2	£12 1/2	+\$1	7 16 10	77/6	33 1/2	5 (b)	5 (a)	Tilling, Thos. £1	57/6	60/-	+2/6	3 6 9				
78/-	66 3	9 (b)	6 (b)	Bournemouth & Poole	67/6	67/6	...	4 8 11	77/6	33 1/2	5 (b)	5 (a)	Tobacco Secs. Ord. £1	67/6	63/6x	-3/9	5 0 0				
31/6	24 10 1/4	4 (b)	2 (a)	British Power & Light £1	34/-	34/-	...	4 8 0	73/-	72/6	7 1/2 (a)	16 1/2 (b)	Triplex Safety G. (10/-)	52/6	48/9	-3/9	5 0 0				
26/9	32/-	4 (b)	3 1/2 (a)	City of London £1	40/-	40/-	...	4 0 0	60/4 1/2	52	5 (a)	7 1/2 (b)	Tube Investments £1	86/3	83/9	-5/-	5 16 0				
88/6	38/-	4 (b)	3 (a)	Clyde Valley Elec. £1	48/-	49/-	+1/-	4 6 0	34/9	20/9	6 1/2 (a)	15 (b)	Turner & Newall £1	84/4 1/2	81/9	-7 1/2d	49 1/4 1/2				
54/7 1/2	45/9	7 1/2 (b)	3 (a)	County of London £1	38 1/2x	38 1/2x	...	4 13 0	10 1/2	8 1/2	4 (c)	40 (c)	United Dairies £1	57/6	57/6	...	4 7 6				
45/3	37/-	5 (b)	4 (a)	Edmundsons £1	33/-	33/-	...	4 8 0	45/-	38 5	5 (a)	5 (a)	United Molasses 6/8	25/-	26/3	+1/3	5 11 0				
88/9	92/-	5 (b)	2 1/2 (a)	Lancashire Electric £1	45/-	45/-	...	4 7 6 5	45/-	37/3	6 (b)	3 (a)	Utd. Tob. (South) Ord. £1	9	8 1/2	- 1/2	4 12 6				
61/3	44 1/2	2 (b)	2 (a)	Metro. Electric £1	36/6	37/-	+1/-	4 5 0	96/9	61/3	45/3	15 (a)	Wallpaper Mfrs. Def. £1	37/6	37/6	...	6 13 3				
84/9	90 6	4 (b)	2 (a)	Midland Counties £1	31/-	32/-	...	4 4 3	81/10 1/2	55 6	85 (c)	95 (c)	Wiggins, Teape Ord. £1	38/3x	38/3x	...	4 15 9				
56/6	45 3	6 (b)	4 (a)	North-Eastern Elec. £1	36/6	36/6	...	4 7 0	24/3	11 1/6	6 1/2 (a)	11 1/6 (b)	Woodwards (P.W.) Ord. £1	72/6	70/-	-2/6	4 6 9				
42/6	35 1/2	5 1/2 (b)	2 1/2 (a)	North Metropolitan £1	39/6	39/6	...	4 1 0	7/3	1/9	Nil (c)	Nil (c)	Ashanti Goldfields (4/-)	63/1 1/2	63/9	-7 1/2d	5 18 0				
45/9	37 1/2	5 (b)	3 (a)	Yorkshire Electric	39/6	39/6	...	4 1 0	123/9	60/3 1/2	20 (c)	32 1/2 (c)	Burma Corp. (Rs. 9)	13/6	12/-	-1/6	13 4 3 1/2				
Gas																					
37/-	28 1/4	5 1/2 (c)	5 1/2 (c)	Gas Light & Coke £1	25/6	25/6	...	4 7 6	59/4 1/2	26/3	27 1/2 (c)	30 (c)	Commonwealth Mng. 5/-	3/3	2/9	-6d	Nil				
135 1/2	134	6 (b)	4 (a)	Imp. Continental Stk.	139 1/2	139 1/2	...	4 9 0	16 1/2	11	95 (b)	95 (b)	Cons. Glids. of S. Af. £1	73/9	71/3	-2/6	5 12 0				
96/9	22 7/2	2 1/2 (b)	2 1/2 (b)	Nelson-on-Tyne £1	23/6	23/6	...	5 7 3	76/8	47/6	24 (a)	11 1/6 (b)	Crown Mines Selection 10/-	31/3	31/3	...	9 12 0				
190	100 1/2	8 (b)	2 1/2 (a)	Metropolitan Stk.	102 1/2	102 1/2	...	5 7 3	76/8	47/6	24 (a)	11 1/6 (b)	Crown Mines 10/-	14 1/2	14 1/2	...	6 8 0				
Motors and Cycle																					
86/10 1/2	88/9	10 (c)	15 (c)	Albion Motors Ord. £1	52/6	50/-	-2/6	6 0 0	32 1/2	15 1/2	Nil	Nil	Johan. Cons. £1	62/6	63/9	+1/3	6 0 0				
52/3	31 3	+2, +5 1/2	5 1/2 (b)	Assoc. Equipmt. Ord. £1	37/6x	38 1/2x	...	3 18 9 1/2	29 9	14/-	30 (a)	60 (a)	Random Int. Ests. £1	46/6	47/6	...	10 0 0				
50/4 1/2	30	50 (c)	50 (c)	Austin 5/-	26/3	22/-	-3d	Nil	225/-	137/-	8 1/2	2/8 (a)	Rhokana Corp. £1	18 1/2	18 1/2	...	6 9 0				
27/6	19 6	Nil	Nil	Birm. Sm. Arms £1	21/3x	21/3x	...	5 9 0	19 1/2	5 1/2	Nil	Nil	Rio Tinto 5/-	18 1/2	18 1/2	...	Nil				
87/9	20 6	38 1/2 (a)	84 1/2 (b)	Dennis 1/-	23/1 1/2	22/6	-7 1/2d	5 6 9	35/6	6/9	10 (c)	Nil (c)	Road Antelope Cpr. 5/-	17/3	17/-	-3d	(0)				
88/9	19 3	5 (c)	6 (c)	Ford Motors 1 1/2-	2/3	2/3	...	6 13 3	9	8 1/2	...	...	Sub Nigel (10/-)	9 1/2	9 1/2	...	9 8 0				
4/3	1 10 1/2	7 1/2 (c)	15 (c)	Gay Motors £1	60/-	60/-	...	4 17 0	57/6	57/6	20 (c)	20 (c)	Union Corp. (12 1/2 fy pd.)	147/6	145/-	-2/6	5 16 0				
74/9	56 10 1/2	24 (b)	20 (c)	Lucas, J. (£1) ...	83/9	82/6	-1/3	4 7 0	18/5	18/5	25 (a)	37 1/2 (b)	Witwatersrand 10/-	6 1/2	7/6	...	Nil				
43/9	29 6	7 1/2 (c)	45 (c)	Leyland Motors £1	33/6	33/6	...	4 7 0	20/3	11 1/6	6 1/2 (a)	11 1/6 (b)	Wiluna Gold (£1)	8/3	7/6	-9d	Nil				
18/3	5 6	Nil	Nil	Morris Motors 5/- Ord.	62/6x	61/3x	-1/3	8 3 0	123/9	60/3 1/2	20 (c)	32 1/2 (c)	Do. 2nd Series	17/3-18/3	...	+ 3d					
80/-	62 0	5 (a)	20 (b)	Napier 5/-	95/-	92/6	-2/6	4 19 0	7/3	1/9	Nil (c)	Nil (c)	Do. 3rd Series	12/10-13/10	+1 1/2d	+ 1 1/2d					
135 1/2	86/3	7 1/2 (																			

(a) Interim dividend. (b) Final dividend. (c) Last two years' dividends. (d) Dividend at 80 per cent. basis. (e) Dividend at 75 per cent. basis. (f) Dividend at 60 per cent. basis. (g) Dividend at 50 per cent. basis. (h) Dividend at 40 per cent. basis. (i) Dividend at 30 per cent. basis. (j) Dividend at 20 per cent. basis. (k) Dividend at 10 per cent. basis. (l) Dividend at 5 per cent. basis. (m) Dividend at 2 per cent. basis. (n) Dividend at 1 per cent. basis. (o) Dividend at 0.5 per cent. basis. (p) Dividend at 0.2 per cent. basis. (q) Dividend at 0.1 per cent. basis. (r) Dividend at 0.05 per cent. basis. (s) Dividend at 0.02 per cent. basis. (t) Dividend at 0.01 per cent. basis. (u) Dividend at 0.005 per cent. basis. (v) Dividend at 0.002 per cent. basis. (w) Dividend at 0.001 per cent. basis. (x) Dividend at 0.0005 per cent. basis. (y) Dividend at 0.0002 per cent. basis. (z) Dividend at 0.0001 per cent. basis.

(Continued from page 545.)

by 1977 by drawings at par from 1939; or on notice at decreasing premiums. Issue taken on behalf of Prudential Assurance at 99. Proceeds to repay £175,000 overdraft.

ISSUES TO SHAREHOLDERS ONLY

Bell (A.) and Sons.—Issue of 160,000 5½ per cent. £1 cumulative preference shares at par.

Fullers' Earth Union.—Issue of 15,438 £1 ordinary shares at £2 (one new for four held).

Mid-Cheshire Electricity Supply.—Issue of 100,000 £1 ordinary shares at 32s. 6d. and 300,000 4 per cent. preference shares at par.

Town Investments, Ltd.—Issue of 50,000 7½ per cent. £1 cumulative preference shares at 29s. (one new for four held).

Wellman Smith Owen Engineering Corporation.—Issue of 97,135 £1 ordinary shares at par (five new shares for eight now held). The new shares rank with the present share capital except for the interim dividend of 5 per cent. already declared during the year to March 31, 1938.

Westover Garage.—Issue of 78,965 5s. ordinary shares at 6s. 3d. (one new for four held on November 24th).

BONUS ISSUE

Booker Bros., McConnell and Company.—It is proposed to increase the capital to £840,000 by creating 165,000 ordinary shares of £1 each, by making a bonus issue to the ordinary shareholders of three ordinary shares for five now held.

PRIVATE PLACING

Transport Services.—35,250 5s. ordinary shares have been placed privately.

RESULT OF ISSUE

Paisley Corporation.—The recent issue at 101 of £1,000,000 3½ per cent. stock has been substantially over-subscribed.

FORTHCOMING ISSUE

Lillywhites Holdings, Ltd.—On December 15th Whitehead Industrial Trust will offer for sale 60,000 5½ per cent. cumulative 10s. preference shares at par, and 500,000 1s. ordinary shares at 4s. 6d. in Lillywhites Holdings, Ltd. The offer will show that the company owns all the share capital of Lillywhites, Ltd. (specialist sports firm founded 1863). Lillywhites, Ltd., average net profits for three years to September 30, 1937, £27,618 subject to N.D.C.; for latest year, £30,563. Net liquid assets, over £78,000.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Paid	Dec. 1, 1937	Dec. 8, 1937
Australia 3½%, 1951-54	97	32	1½ dis	1½ dis
Britannia Lamps 5/-	8/6	8/6	7/3-7/9	8/0-8/6
British Coated Board (5/-)	5/-	5/-	4/9-5/3	4/10-5/4½
Clyde Crane Ord. 4/-	5/6	5/6	...	4/5-4/9
Do. 6% Pref. 20/-	20/-	20/-	17/3-17/9	17/3-17/9
First Re-investment Trust £1	20/-	7/6	30/6-31/6	30/6-31/6
Hawker-Siddeley 5% Pref. 20/-	98½	15	4½d-7½d pm	3d-6d pm
Hiram Walker 4½% Deb.	101	61	1½ pm	1½ pm
Hull 3½%	96	20	1½ pm	1½ pm
Kent Electric 3½% Deb.	101	31	1½ pm	1½ pm
Liverpool 3½%	101	31	84/0-85/0	84/0-85/0
Midland Bank £1	101	31	1½ dis-1 pm	1½ dis-1 pm
Paisley 3½%	101	31	1½ dis-1 pm	1½ dis-1 pm
Sheffield 3½%	101	31	1½ dis-1 pm	1½ dis-1 pm
Taf Fechan 3½%	101	101	8/0-8/6	8/0-8/6
Thompson Bros. Ord. 5/-	...	...	22/3-22/9	21/3-21/9
Union Castle Ord. £1	101	41	1½ dis-1 pm	1½ dis-1 pm
Wakenfield 3½%	...	...	4/11-4/4½	5/6-4/0
Western Holdings 5/-	...	...	1/10-2/1xop	1/10-2/1xop
West Vlakfontein 2/6	...	...	1/10-2/1xop	1/10-2/1xop

DIVIDEND ANNOUNCEMENTS

ASSOCIATED BISCUIT MANUFACTURERS.—The directors have decided that consideration of an ordinary dividend should be postponed until the audited accounts for the year are completed.

BARTON AND SONS (1935), LTD.—Final dividend of 6 per cent. actual, making 10 per cent. for year to October 31st, but payable on capital of £360,000 (increased from £175,000). The final dividend compares with 7½ per cent. paid last year for 16 months.

BRADFORD DYERS ASSOCIATION.—Dividends for 6 months ending December 31st on 5 per cent. cumulative preference stock postponed. In arrears from January, 1938.

BRAZILIAN TRACTION LIGHT AND POWER.—Dividend, 50 cents per ordinary share of no par value, against 40 cents. Total dividend for 1937, \$1 per share as against 70 cents for 1936.

BRISTOL AEROPLANE COMPANY.—Interim ordinary dividend of 7½ per cent. (unchanged).

BRITISH EMPIRE FIXED TRUST, COMPREHENSIVE SERIES.—Coupon No. 8, due December 15th, will be paid at rate of 2-2d. net per sub-unit (against 2-4d. a year ago).

BULLARD AND SONS, LTD.—Total ordinary dividend of 10 per cent. plus 2½ per cent. bonus, making 12½ per cent. for year. Also special centenary bonus of 5 per cent. from general reserve.

CANADIAN CELANESE.—Quarterly dividend on common stock 40 cents per share as before, making \$1.60 for year (same).

CARRERAS, LTD.—Dividend on "A" and "B" ordinary shares 35 per cent. for year absorbing £871,813, against 45 per cent. absorbing £797,204.

E. K. COLE, LTD.—The directors deem it advisable to defer consideration of an ordinary dividend payment until the end of the company's year.

FORESTAL LAND, TIMBER AND RAILWAYS COMPANY.—Interim dividend of 2 per cent. on ordinary stock, against 3½ per cent.

DIVIDEND ANNOUNCEMENTS

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

Name of Company	* Interim or Final	Date of Payment	Comparison with Last Year	Total Latest Year	Previous Year
RAILWAYS					
Bengal and North Western	10%†	Jan. 31	Same	%	%
Rohilkund and Kumaon	11%†	Jan. 24	Same	18	18
BANKS					
Guaranty Trust of New York	3%	Jan. 3	Same	12	12
National Bank of New Zealand	12%*	Jan. 4	Unchanged	...	...
INSURANCE					
Eagle Insurance (Old)	6½%*	Dec. 31	...	...	...
Do. (New)	9'30483*	Dec. 31	...	...	...
TEA AND RUBBER					
Allynugger Tea	10%*	Dec. 18	Same	...	30
Balijan Tea	2½%*	...	...	...	5
Boribee Tea	10%*	Dec. 15	7½%*	...	...
British Indian Tea	2½%*	Jan. 4	Same	...	12½
Budla Beta Tea	3%	...	Nil*	...	5
Dima Tea	3%	...	2½%*	...	15
Dooars Tea	2½%*	Jan. 1	Same	...	12½
Doolahat Tea	2½%*	Dec. 16	Same	...	...
Empire of India and Ceylon Tea	2½%*	Jan. 1	2%*	...	9
Harmully Tea	2½%*	Dec. 16	Same	...	...
Itakhooli Tea	2½%*	Dec. 14	Same	...	...
Jitra Rubber	2½%*	...	...	16	7½
Lankapara Tea	2½%*	Dec. 18	Same	...	...
Leesh River Tea	2½%*	Dec. 18	Same	...	20
Mazdehe Tea	2½%*	Jan. 15	2%*	...	...
Moran Tea	5%	Dec. 20	Same	...	...
Noyapara Tea	3%	Dec. 14	Same	...	...
Rajah Ali Tea	5%	Dec. 15	2½%*	...	...
Ratanui Rubber	7½%*	...	5%*	...	...
Riverview Rubber	3½%*	Dec. 15	...	10	4
Sapong Rubber	4%	Dec. 21	Nil*	...	8
Selama Rubber	(a)5%*	Dec. 17	2½%*	...	10
Serdang Central Plantations	5%	Jan. 1	2½%*	5	Nil
Singlo Tea	6%*	Jan. 3	4%†	10	4
Sungei Puntar Rubber	...	...	...	...	...
MINING					
Cam and Motor Gold	32%	...	36%	...	...
Consolidated Tin Burma	1½%*	Dec. 28	5%*	(b) 3½	2½
Idris Hydraulic Tin	1½%*	...	...	...	17½
Do. do.	1½%*	...	...	...	...
Kepong Dredging	12½%*	Dec. 23	Same	...	...
Kinta Tin	12½%*	Dec. 23	Same	...	...
Kramat Tin	10%*	Dec. 22	10%*	...	35
Pattani Tin	5%†	...	Same	...	...
Southern Tronoh Tin	10%†	Dec. 29	7½%†	15	15
Sungei Best Mines	2½%†	Dec. 29	25%*	...	15
Tanjong Tin	20%*	Dec. 23	5%*	...	15
Tronoh Mines	20%*	Dec. 30	12½%*	...	...
OTHER COMPANIES					
Abbots Investment Trust	1½%*	Dec. 21	Nil*	...	3½
Advance Laundries	2½%*	Dec. 31	4%*	...	...
Anderson (D.) and Son	4%*	Dec. 14	Same	...	...
Argosy and Sunial Libraries	2½%*	Dec. 22	Same	...	7
Associated Weavers	10%*	Jan. 10	...	...	12½
Barclay Perkins and Company	(a)6%*	...	Same	(a)10	7½
Barton and Sons	6%*	...	Same	15	15
Booker Bros., McConnell and Co.	50 cents	Dec. 31	Same	...	...
Boots Pure Drug	10%†	...	40 cents	\$1	70 cents
Brazil Traction (Com.)	17½%†	...	...	...	...
Brown (E. G.) and Company	40 c.	...	Same	22½	...
Bullard and Sons	(a) 20%†	...	30%†	(a) 1-60	\$1-60
Itacan Coal Co. (Com.)	6%*	...	3%*	(a) 35	45
Carreras (A and B Ord.)	2½%*	Jan. 1	Same	...	...
Dutch Ford Motor	5%*	...	Same	...	...
East African Power	2½%*	...	Same	...	...
Electric and General Investment	5%*	...	4%*	...	...
Finlay (James) and Company	3%*	Jan. 1	3½%*	2½	1
Foreign Securities Investment	2½%*	Dec. 15	Same	...	8
Forestal Land	3%*	...	Same	...	6
General Securities Investment	3%*	...	Same	...	...
Goulding (W. H. M.)	3%*	Dec. 29	Nil*	...	7
Greenwood and Batley	3%*	Dec. 17	Same	...	14
Harper (John) and Company	3%*	...	...	5	Nil
Ilford, Ltd.	12½%*	...	...	...	...
Jamaica Sugar Estates	12½%*	...	...	...	...
Kaduna Syndicate	3%*	Jan. 1	Same	...	...
Kent (George)	(a) 16%†	...	11%*	(a) 21	16
Key Glassworks	10%*	Jan. 1	Same	...	5½
Light Production	2½%*	Dec. 21	Same	10	10
London Electric Trust	7%†	Dec. 21	Same	15	15
London Trading Estates	70c. p.s.†	Dec. 23	Same	10	9
Mentmore Manufacturing	2½%*	Dec. 23	Same	\$1-60	\$1-25
Metropolitan Gas Meters	...	...	...	...	...
Mitchell Cotts and Company	...	...	...	...	...
North American Company (Com.)	2½%*	Jan. 1	Same	...	...
Sanders Bros. (Stores)	...	...	...	...	...
Scottish Allied Investors	...	...	...	...	...
Scottish Australian Company	...	...	...	...	...
Scottish Motor Traction	...	...	...	...	...
Second London Scottish American	...	...	...	...	...
Trust	1%*	Jan. 1	Same	...	...
Shardlow (Ambrose) and Company	2½%*	Jan. 1	Same	...	...
Shipley Collieries	3½%*	Dec. 21	Same	...	...
Silenthloc	(a)25%*	...	Same	...	12
Steel Barrel Scammells	6%*	Jan. 8	5%*	...	50
Steel and Ardern	(a) 5%†	Dec. 18	...	12½	12½
Sunlight Laundries	(a) 4½%†	Dec. 31	...	(a) 12½	16½
United Tobacco Company's (South)	25%†	Dec. 31	Same	40	40
Ord. and Def.	3½%*	Dec. 31	Same	...	...
Do. Do.	5%†	...	3½%†	7½	6
Workshop, etc., Brewery	...	...	...	...	...

† Free of income tax.

(a) Paid on a larger capital.

(b) 15 months.

SOUTH DURHAM STEEL AND IRON.—Dividends of 13 per cent. on ordinary and 7 per cent. on "B" ordinary shares, for year to September 30, 1937 (against 12 and 6 per cent. respectively).

STEEL BARREL SCAMMELLS AND ASSOCIATED ENGINEERS.—Interim dividend 6 per cent., against 5 per cent. Dividend for year to June 30, 1937, was 12½ per cent.

SUEZ CANAL.—It has been decided to add to the half-yearly interest on the capital shares, which was fixed at Frs. 36-37, an interim dividend of Frs. 263-63, making a total was Frs. 26, making Frs. 205. On the bonus shares the distribution is Frs. 263-63 gross, against Frs. 179, and on founders' shares Frs. 297-04, against Frs. 201-69.

SUSSEX BRICK.—Profit, £84,001, against £82,372; final dividend reduced from 12 to 9 per cent.

COMPANY MEETINGS

THE BRITISH OVERSEAS BANK LIMITED

POST-WAR MONEY MARKET CONDITIONS

FUNCTION OF BILLS OF EXCHANGE

LONDON AND FOREIGN BORROWERS

FINANCING OF INTERNATIONAL TRADE

MR ARTHUR GAIRDNER ON THE OUTLOOK

The 18th annual general meeting of The British Overseas Bank Limited was held on the 7th instant at 33 Gracechurch Street, London, E.C.

Mr Arthur C. D. Gairdner (chairman of the bank) presided.

After intimating that Lord Aberconway (director) was unable to attend the meeting and that another director, Mr Louis E. Meinertzhagen, was abroad on the bank's business, the secretary (Mr A. E. Thorne) read the notice convening the meeting and the report of the auditors.

The Chairman said: Ladies and gentlemen, I presume that it is your wish that we should hold the report and accounts as read. (Agreed.)

The general situation becomes more and more confused as time goes on, but the present occasion seems a suitable one to review at least those aspects of it in which we ourselves are more particularly concerned. It is not easy to retain a firm grasp on the fundamental issues, as they have been obscured by the artificial expedients used from time to time to meet difficulties as they arise, without regard either to the underlying causes of the difficulties or to the ultimate consequences of the measures taken. In all this confusion we can only take for our starting point the practical question of how we, as a bank, have to carry on our business. The British Overseas Bank, as an institution established to deal with commerce between this and other countries, has its foundation in the mercer between this and other countries, similar institutions, however, of exchange. In common with other similar institutions, ever, we have found in recent years that the proper functioning of the bill of exchange has been seriously hampered through imposition of the various standstill agreements and through increasing interference in other ways with the normal machinery of international trade.

PRE-WAR SITUATION

In order to clear our minds on the subject, it will be useful to start with more settled conditions and consider the position of the London bill before the War. At that time the three essential factors, a balanced budget, a sound balance of trade, and a sound currency, were more or less automatically maintained by the operation of the gold standard. Shipments of gold served to at once as a warning sign and set in motion forces tending to remedy an unsound situation. In addition to its use in emergency, gold also served to meet seasonal requirements, to finance movements of crops, and in general gave the necessary assurance to trade and industry, in the pursuit of their daily functions, of protection from violent movements in which they were not directly concerned.

The bill of exchange played a vitally important rôle in this scheme of things. It enabled London to build up its position as the dominant money market of the world and to perform its functions smoothly and efficiently. The fluctuations of interest rates provided an extremely delicate control of the stability of the short-term money and thereby maintained the stability of the currency by putting a drag on over-trading and speculation, while low rates eased the situation and in time helped to revive trade when it had fallen below normal. A power such as that possessed by the London bill of exchange, and the fact that it could be discounted on a lower interest basis than anything else, was naturally open to abuse, and it was abused. The question as to how this could be remedied was frequently discussed between bankers before the War, but the subject was one of unusual complexity and nothing was done, with the result that when war

came the abuses, which it was realised did exist, were revealed. In spite of such temporary abuses, however, the London bill retained its character as the document representing the highest form of credit known in the world.

UNIVERSAL RECOGNITION OF THE BILL

After the war and the financial chaos which followed, a modified form of the gold standard was evolved, and its collapse after only a short time led to the confused conditions of the present day. Throughout the post-war period, however, the bill of exchange remained the principal element in the financing of international trade, and, while changed conditions led to fresh difficulties, its value and effectiveness continued to be recognised universally.

In the crisis of 1931 and the ensuing standstill arrangements, however, the bill of exchange was subjected to the most serious trials that had yet been encountered. In the endeavour to prevent a complete collapse, the bill of exchange was included in the standstills with all sorts of other obligations, and there was a danger that the special character of the bill of exchange might be affected, although actually a commercial bill retains its character whether inside or outside a standstill agreement. The German borrowers themselves have recognised this and the formal pre-eminence of the commercial bill has been emphasised throughout successive standstill agreements. Recently steps have been taken towards restoring the quality of any bills that may have fallen off during the standstill period, as Germany well understands that if she hopes to make use again of the facilities supplied by the London market there must be no question of the manner in which she has dealt with previous obligations, and that it is to her interest as much as ours that the high standard of a bill of exchange should be maintained.

GERMANY, HUNGARY AND SPAIN

It is not primarily a question of repayment; what is necessary is that the amount of credit of this nature outstanding at any one time should be proportionate to the amount of trade to be carried. Whatever may have been the position in the period of acute depression, the amount of credit of this character available to Germany to-day is insufficient for the trade to be carried. If, as it may be hoped, the bill of exchange could be dealt with on its own merits, the problem would be placed on a basis of common sense from which results would follow which cannot be looked for in existing circumstances.

In Hungary the same general considerations apply, and obviously it is as much to the interests of Hungary to regain her entrée to the London market as it is in the case of Germany. Here, however, matters have developed during the summer on lines that do not appear to be in the interests of either country, for, instead of loosening a position that had become rigid, the difficulty of obtaining greater elasticity has been increased by an agreement made for three years.

Spain is another country in which grave difficulties have been encountered. In the first place, a clearing arrangement was established which created utter confusion. It was later done away with, when still more confusion arose. These matters, however, are something in the nature of ancient history, and it is perhaps unnecessary here to say more about them. Between the two events—that is to say, between the initiation and the cancellation of the clearing—civil war broke out and we found ourselves in a position

of great delicacy, as from the nature of our business we had clients in both parts of Spain. There was only one thing to do and that was to carry out our banking duties with scrupulous impartiality. In this I hope we have been successful, and, if so, it is largely due to our Spanish clients themselves, in whom we have found not only a high sense of honour but a sound grasp of fundamentals—characteristics which we believe are common to Spain as a whole and which are bound in the end to restore national unity and prosperity. These characteristics will furthermore ensure that Spanish borrowers may return to London, after the present trouble is over, with an unblemished financial reputation and with every justification for expecting the same sympathetic treatment as has always been accorded to them in the past.

CHOICE OF TWO ROADS

Does this short survey indicate any common ground on which all nations can meet? I think it does. The prime interest of any country is surely to dispose of what it does not need and receive what it does not produce. For this some system of international trade is required and of finance to carry that trade. Once the gold standard provided the necessary common basis, but, for the present at least, it has collapsed, and, looking back on the period after the War, it is not difficult to see the reason. Gold is a good servant but a bad master. The conditions in which the gold standard operated before the War did not exist after it, and the attempt to force our post-War economic life into the pattern imposed by the gold standard failed. For the present we can see only the choice of two roads, one leading along the way to further restrictions, state control and barter, and the other to some sort of common basis such as was developed first in the sterling *bloc* and now, one hopes, may be extended to the wider area of all countries desirous of preserving free exchanges and individual liberty to trade.

State control, with its quotas and restrictions, has been tried in various countries in many forms, but the common experience of all is one of disappointment. This is only natural. The underlying difficulties are not such as can be cured by artificial expedients, and opinion is steadily growing in the direction of greater freedom.

What part gold will ultimately play it is not yet possible to say, but one thing is clear, that we have found nothing better to take its place as the world's measure of value and medium for settling temporary difficulties, and it seems impossible that it can be dispensed with altogether in these capacities.

NEED FOR FREE EXCHANGES

It was inevitable that the London market and its mainstay, the bill of exchange, should be affected by these upheavals, both directly and indirectly. But in spite of all handicaps it has continued to perform the same invaluable service in the promotion of trade, and the machinery of the market has shown itself capable of remarkable adaptation to changed conditions. In any case, whether or not the wheel turns the full circle back to the old gold standard, the necessity for as wide as possible a system of free exchanges is unchallengeable. Within such a system the London money market will continue to perform its indispensable function of financing world trade and the London commercial bill will remain the mechanism for the purpose. For these reasons the integrity of the London bill is of value not only to ourselves but to all countries which may look to London for finance, and it is in their interests no less than our own that this principle should be recognised and upheld.

I have referred in my remarks to some of the principal matters in which we are directly interested, but this by no means completes the picture. Time, however, does not permit me to do more than mention some of the other items that contribute to the disturbed conditions from which the world is suffering. In the minds of many people, war in the East and war talk nearer home dominate the situation, but possibly the prevailing tendency towards autocracy is potentially as unsettling. In the United States of America this trend has been exemplified by fierce conflict between the Legislature and the Law, which adds to the uncertainty of the effects of any new measure the uncertainty as to what the measure itself may be. Fortunately politics is a field into which no banker will enter. At home it is his duty to co-operate professionally with alternating policies; abroad, this duty becomes still more difficult, as it frequently means the bridging in finance of two opposing and conflicting policies. If confidence in his professional judgment is to be retained he can never appear in the guise of a partisan, and it is remarkable how little resentment is caused when the banker, within the limits of his professional capacity, has to express opinions unpalatable to those in authority. To do so is his bounden duty, and in the

absence or diminution of all other criticism, which is one of the first consequences of autocracy, this duty is more than ever incumbent on him.

CHANGES IN THE BALANCE SHEET

Turning now to our balance sheet, you will see that several marked changes have taken place. Our acceptances have decreased by about £1,000,000 sterling. There are, of course, various contributory causes, the chief being in connection with Hungary, to which I have already referred. This involved taking out of circulation all Hungarian standstill bills, and these are now included in "Advances to Customers and Other Accounts." "Bills Discounted" are also reduced. For some years we have been in the habit of discounting a substantial percentage of our own acceptances, but these now appear under "Advances to Customers and Other Accounts." Here, too, there are several contributory causes, but the Hungarian item is the largest. All these drafts have the obligation of two perfectly good debtors and are now held as collateral security. It will, therefore, be realised that these changes, in so far as our balance sheet is concerned, are largely changes of form.

The two accounts, "Acceptances for Account of Customers" and "Advances to Customers and Other Accounts," have also been affected by the situation in Spain, with which country we did an active business. We have taken up our acceptances on Spanish account and only about 50 per cent. of the sums outstanding had been repaid on October 31st. At the same time, we feel nothing but respect for the manner in which our clients have stood up to their obligations in circumstances of the greatest difficulty, but for the moment the unpaid balance of these bills goes to swell the balance of the last-named account. The effect on the earning capacity of our business with these two countries in particular has been unfortunate, while at the same time the difficulty of carrying through financial transactions in all countries has been greatly increased.

POSITION IN LATVIA

The only other question to which it seems desirable to refer specifically is that of Latvia. When Latvia went off gold, the interests of the Latvian Aukciju Banka were seriously affected, and last February I went to Riga in order to discuss the situation with the Government. As a result of these conversations it was decided to continue the activities of the bank, and we are satisfied that this decision was a wise one. The attitude of the Government has been sympathetic, while the State Bank has been considerate and helpful in its relations with the Latvian Aukciju Banka. This decision, however, involves the reconstruction of the bank's capital, and I hope that the necessary formalities will very shortly be completed and that the bank will have many years before it as a prosperous and independent Latvian institution.

You will see that our Government securities show a shrinkage accounts which, although not bad, have been affected by existing conditions. We feel that it is desirable to deal fully with these points and recommend that £50,000 be set aside to contingencies account.

NO CAUSE FOR PESSIMISM

I have endeavoured in my remarks to state as plainly as possible the problems that have to be faced. I trust that in doing so I have not created in the mind of anyone a feeling of pessimism in regard to the future, as that is entirely opposed to the opinion of your board. We have, however, for the reasons mentioned, to be prepared for the time being to recognise the reduced earning power of the bank. We have also definite and active. Until there is more assurance in regard to these points, we consider it prudent not to distribute the profits earned, and we feel sure that we shall have the support of the shareholders in this policy. However painful the process by which better conditions are reached, we believe that common sense will ultimately prevail, and that, in spite of threats and alarms, force will not become the dominant power in the world to the exclusion of reason.

I now move the following resolution:—

"That the report and accounts for the year ended 31st October, 1937, as audited and certified by your auditors, now before the meeting, be approved and adopted." (Applause.)

I call upon Mr Norman L. Hird to second the resolution, after which I shall be glad to answer any questions which shareholders may like to ask.

MR NORMAN L. HIRD'S REMARKS

Mr Norman L. Hird (advisory director): Mr Chairman, ladies and gentlemen, your speech to-day, Mr Chairman, has dealt in a broad and comprehensive manner with the difficulties of foreign trade and the reason for these difficulties. I am sure it will be read with interest and appreciation by a much larger public than is represented by the British Overseas Bank shareholders. (Hear, hear.) As you mentioned in your speech, this bank was formed just over 18 years ago to deal with the financing of foreign trade, and, at no time during its career, has it had what one would call easy conditions. The slump in commodity prices which occurred in 1920 will be remembered by many of you, and the troubles arising out of the American slump in the late months of 1929 are also fresh in our memories.

In spite of all these troubles, by good management, hard work and a great deal of enthusiasm an excellent business was built up, but no one could have visualised the catastrophes of 1931. Since that date, as all of you are aware, foreign exchange dealings and foreign trade have been very difficult matters, and these have, of course, affected the bank adversely from an earning point of view. We all hope with the chairman that sanity will prevail and that economic nationalism, with its attendant political dangers, will give way to greater freedom of trade and greater friendship between nations. (Hear, hear.)

BOARD'S DIVIDEND DECISION

We sympathise with the "A" shareholders in receiving no dividend at this time. As a representative of the "B" shareholders I can say that nothing would have pleased us better than that there should have been a dividend for both of us. I am, however, permitted to point out that in some of the earlier years of the bank, when conditions were easier and earnings were good, we "B" shareholders could have been paid higher dividends, or a dividend in the years when we received nothing, but we never pressed for these, and we agreed entirely that it was the right and proper thing for the bank to build up that it was the right and proper thing for the bank to build up reserves. We regret that it has not had more favourable conditions for the building up of reserves, but we approve the policy of conserving the resources of the bank at the present time. I beg to second the adoption of the report and accounts. (Applause.)

No questions being asked, the resolution was put to the meeting and was carried unanimously.

Sir Edgar Horne, Bt. (advisory director): Sir, I beg to move:—"That the directors retiring by rotation, Sir James Caird, Bt., Sir Nigel Campbell and Mr T. F. Tallents, M.C., be re-elected." I should like to take this opportunity of thanking you, sir, and the board for the courage you have shown in not declaring a dividend but conserving our resources.

Mr Duncan A. Stirling (deputy chairman): I beg to second the resolution.

The resolution was unanimously approved.

The chairman: I will ask a shareholder to move the next resolution.

Mr W. Starling: I beg to move:—"That the retiring auditors—Messrs George A. Touche and Company and Messrs McClelland, Ker and Company—be reappointed as auditors of the company for the current year, at the same remuneration, namely, a collective fee of seven hundred and fifty pounds."

Mr R. W. Morrison: I beg to second that.

The resolution was passed unanimously.

The chairman: That, ladies and gentlemen, is all the business and I thank you very much for your attendance. I hope that at our next meeting we shall have a more rosy report to submit to you. (Hear, hear.)

VOTE OF THANKS

Mr Walter Scott: Ladies and gentlemen, I think it is only right and proper that we should pass a very hearty vote of thanks to the chairman for his splendid speech, and also to the directors and staff. As one of your colleagues stated, Mr Chairman, it was a courageous speech and I am sure that we all appreciate it very much. The only thing that has occurred to me is that instead of having a turkey for my Christmas dinner I shall have to be contented with a pigeon. (Laughter.) However, that does not matter. I am sure that you have the good wishes of the general body of shareholders in coming to the conclusion to conserve the resources of the bank, and we offer you the very best of Christmas greetings. (Applause.)

The chairman: I thank you very much, Mr Scott, ladies and gentlemen, for those kind words, which are very encouraging to us in these hard times.

The proceedings then terminated.

ASSOCIATED EQUIPMENT COMPANY, LIMITED

SUCCESSFUL YEAR

The twenty-sixth annual general meeting of this company was held, on the 6th instant, in London.

Mr C. W. Reeve, C.B.E., the chairman and managing director, who presided, said:—"The report submitted by the directors for the year to September 30, 1937, was the best which he had yet presented."

The development of business in trolley buses produced in co-operation with the English Electric Company, Limited, continued apace, both at home and overseas, and there was no sign of the waning of the popularity rightly enjoyed by that silent, comfortable, and economical vehicle. A.E.C. oil-engined vehicles of all kinds maintained their popularity and developed their sales.

A.E.C. rail cars had now been operated over more than 2,000,000 miles, and the company had produced a greatly improved form of rail car, capable of taking a trailer or trailers. As the merits of the A.E.C. marine engines became more widely known, they too showed increased sales. Business overseas still continued to be improved, and the directors stimulated its growth with all reasonable means.

The re-armament programme had handicapped the company, both as to labour and materials, while less than 4 per cent. of the company's sales had been to Government departments.

The company's property and assets had been maintained in excellent condition, considerable sums having been expended in the replacement of machinery and plant and building developments. General reserve had been increased by £100,000.

The directors now proposed the payment of a final dividend (free of tax) of 13d. per £1 unit of stock, making for the year a total dividend (free of tax) of 18d. per £1 unit of stock; this was equal to 10 per cent. subject to tax for the whole year.

Current liabilities amounted to £365,921—a slight decrease when compared with last year. Considered, however, in relation to the amount of current assets (£1,515,438) it would be found that the latter exceeded the current liabilities by £1,149,517—an eminently satisfactory liquid position.

The report and accounts were unanimously adopted.

THE STRAND HOTEL, LIMITED

ANOTHER SUCCESSFUL YEAR

The thirtieth ordinary general meeting of The Strand Hotel, Limited, was held, on the 3rd instant, at the Trocadero Restaurant, London, Major M. Gluckstein (the chairman) presiding.

The Chairman, in the course of his speech, said that the company had had another successful year. The character of their hotels ensured a fairly even flow of business year by year, and the past year had been no exception. The presence in London of large numbers of additional visitors for the Coronation celebrations had not been expected to increase their income to any appreciable extent. In the first place, bedrooms at the Regent Palace and Strand Palace Hotels were let virtually throughout the year, and, secondly, their policy was to maintain standard charges irrespective of special occasions. The almost general rise in prices, however, was a factor of which they had felt the growing intensity, and their charges for bedrooms at the Regent Palace and Strand Palace Hotels were increased by 6d. per room towards the end of the financial year. The benefit from this step only partly offset the extra outgoings; but, notwithstanding this, the company's net revenue was only slightly less than that of the previous year, and the available balance, after providing for contingencies, was again shown at £123,000.

Progress with the work of modernising the hotels had continued. At the Regent Palace Hotel the restaurant had been entirely redecorated and re-equipped. Guests now enjoyed the advantages of conditioned air in that room, and it was intended to extend the system to other public rooms. At the Strand Palace Hotel, upon which they intended to concentrate this year, conditioned air would be introduced simultaneously into all the public rooms. In general, they were effecting a gradual metamorphosis of the hotels, thus keeping them not merely up-to-date but actually in advance of modern standards.

Mr Maurice Salmon, in seconding the resolution, said:—"On the catering side of our business, the cost of many items of foodstuffs has risen, and continues to rise. Maintenance and repair materials are dearer. Furniture, carpets, linen, china, and cutlery (on all of which there is a constant expenditure) now cost more."

The report was unanimously adopted.

BARCLAYS BANK (DOMINION, COLONIAL AND OVERSEAS)

PROGRESS IN MANY COUNTRIES

SIR JOHN CAULCUTT'S REVIEW

The twelfth ordinary general meeting of Barclays Bank (Dominion, Colonial and Overseas) was held, on the 9th instant, at Southern House, Cannon Street, London.

Sir John Caulcutt, K.C.M.G. (the chairman), in the course of his speech, said,—With regard to the balance sheet as at September 30, 1937, you will notice that the total of £110 millions, reached last year, has been maintained. On the liabilities side, current, deposit and other accounts amount to £96 millions. On the assets side of the balance sheet, the item cash in hand and with bankers stands at £22,758,000. This figure is £2½ millions lower than at September 30, 1936, but it represents a ratio to current, deposit and other accounts and note circulation of no less than 23.39 per cent. Investments, at £28,334,000, are greater by £500,000. All our investments, with the exception of a few hundred thousand pounds, have definite maturity dates, and a very large portion of them is short-dated. Advances at £35,918,000 reveal the satisfactory increase of £3,713,000.

WIDESPREAD ACTIVITIES

As an institution with over 400 branches spread over various territories, we are closely in touch with the changes in economic conditions in many parts of the world, and a satisfactory feature of the reports we have received, covering the period under review, is the evidence they afford of progress in many countries which a few years ago were experiencing the full force of a depression of unprecedented severity. Nevertheless, it cannot be ignored that the outlook has been obscured by the recent sharp falls in prices for a number of commodities and by the hesitancy, in certain directions, in the placing of new business.

Reports indicate that both wholesale and retail business in South Africa was again maintained on a satisfactory level during the year under review. The current price of gold undoubtedly contributed largely to the prosperity in business, not only through its effect on the balance of trade, but also by encouraging the extension of gold-mining operations and thus opening fresh avenues for employment and stimulating the demand for products of the agricultural and secondary industries of the country. The substantial fall in prices of gold-mining shares and the reduction of the volume of business on the Stock Exchange during the year have had little adverse effect on the expansion of actual gold-mining operations.

CONDITIONS IN SOUTH AFRICA

The rise in prices of certain manufactured products, imported into South Africa, has given an impetus to the development and extension of local secondary industries, but, at the same time, imports have continued to expand, partly owing to the fact that many of the secondary industries utilise a large proportion of imported raw materials and semi-manufactured goods as the basis of their operations, and also partly due to an increasing variety of wants.

South Africa, in spite of the decline in the price of gold-mining securities, continues to benefit by the prudent financial policy of its Government, and by the manner in which the finance, generally, in the country has been handled, in circumstances of an exceptional character. Great responsibility has devolved upon the commercial banks, which assist in fostering the country's trade, and it has been our constant endeavour to give our customers proper banking accommodation for all legitimate business purposes, whilst being careful to refrain from being drawn into financing any broad speculative movement.

The growth of the internal and external trade of the Union brought us, as a bank, increasing activity, and the number of our staff in South Africa has risen during the year to a record figure. It is our practice to invite to the United Kingdom for training picked men from South Africa, who are also given the opportunity, in some cases, to gain experience in the United States of America, so that they may go back with added knowledge to assist in dealing with the widening banking interests of the country and the international business which is undoubtedly developing and which will continue to develop.

In Southern Rhodesia trade conditions have been generally well maintained, due largely to continued activity in mining

operations. The values of, and the demand for, town properties have been well maintained, and the building trade has been active, especially in Bulawayo and Salisbury. Existing secondary industries have made good progress, and several new industries have been established.

Substantial increases in the figures of exports and imports were recorded in all the British West African territories, not only during the year 1936 but also during the first eight months of 1937, as compared with 1935.

MOVEMENTS OF PRICES

After dealing with trade conditions in the various other territories in which the business of the bank is conducted, the chairman said: Primary producing countries have been particularly affected during the past eight years by the wide movements in prices which have exerted such an important influence on the trend of economic conditions generally. Sterling prices of food-stuffs and raw materials, which had shown a downward trend for some time prior to 1929, reached a low point in 1932. Since then the trend has been reversed, the more sensitive prices for primary commodities recovering at a greater rate than those of finished goods. In fact, at one time early this year it seemed that a fresh disparity might arise, although in the opposite direction.

For a considerable period after 1929, world markets of primary commodities were overshadowed by the abnormally large stocks that had accumulated. These stocks have since been reduced, thereby removing one of the principal factors tending to depress prices. To some extent the reduction in stocks of commodities was the result of the operation of the various restriction schemes and of the normal influence of the depression in causing a decline in output. More recently, however, increased demand seems to have been the main influence. The growth in industrial activity, accelerated to some extent by the inauguration of extensive programmes of rearmament, led to increased consumption and to the replenishment of stocks by manufacturers, and these movements were accompanied by speculative activity. The rising trend of commodity prices was particularly marked in the closing months of 1936 and in the early part of this year, and, in view of the rapidity of the advance, the break which occurred in the second quarter of 1937 was not altogether surprising; up to a point it may have been healthy, but is difficult to find adequate justification for the extent of the decline which took place.

"SLUMP PSYCHOLOGY"

Every element of uncertainty in economic conditions increases the possibility of developing, upon the basis of fears rather than upon facts, what I may describe as a "slump psychology." For example, one of the causes of the break in commodity prices in April this year was, no doubt, the rumour, subsequently denied, that the United States contemplated lowering its buying price for gold. The fears concerning possible monetary developments, which were so noticeable at that time, indicate the uncertainty that must always be latent until conditions enable the principal countries of the world to stabilise their currencies on a definite national monetary system on a more permanent footing proves the only practicable method will be a continuance of the use of gold as a base for whatever system be adopted.

Turning to the figures of the profit and loss account, the net profit for the period under review is £431,209, compared with £401,192 for the previous year. A further sum of £100,000 has been carried to the reserve fund, compared with £75,000 in the previous year, and the total of that fund now stands at £2,025,000. The board now recommends the payment of final dividends at the rate of 8 per cent. per annum on the cumulative preference shares, and at the rate of 6½ per cent. per annum on the "A" and "B" shares, less income tax in each case at the rate of 4s. 4d. in the £. The dividend for the year, therefore, on the "A" and "B" shares is at the rate of 6 per cent. It is proposed to pay these final dividends on December 20th, and, after making these appropriations, there remains a balance of £134,320 to be carried forward.

The report was adopted.

PENINSULAR AND ORIENTAL STEAM NAVIGATION COMPANY

MORE PROFITABLE OPERATIONS

LORD CRAIGMYLE'S SPEECH

The ninety-seventh ordinary general meeting of the Peninsular and Oriental Steam Navigation Company was held, on the 8th instant, at the company's offices in London, the Right Hon. Lord Craigmyle (the chairman) presiding.

The Chairman, in moving the adoption of the report and accounts, said that the operations of the P. & O. Group as a whole had been somewhat more profitable than for a good many years past. The improvement in trading results which most of them had experienced, although by no means spectacular, had been fairly steady of recent years and was a good augury for the future, provided that there was no pronounced increase in operating costs and that something like the present level of freights was maintained. Dividends from subsidiary shipping companies had this year shown an increase, the figures being £413,000 as against £371,000 last year. The other shipping concerns like the P. & C. closed their accounts of ships' voyages at some date considerably earlier than the end of the P. & O. financial year, and the improvement in rates of freight was not yet fully reflected in the accounts of the allied shipping companies any more than it was in the P. & O.'s own accounts.

SUBSIDIARY COMPANIES

Rather to the board's surprise there appeared to have arisen some misapprehension with regard to the P. & O. Company's shipping subsidiaries. In certain quarters an expression had been used about interlocking companies, and visions had been conjured up of a highly intricate and tangled organisation complicated by cross-shareholding which offered a considerable measure of obstruction to the stockholders in the mother company benefiting from the revenue of its subsidiaries. The whole idea was entirely groundless. The position was simply that the P. & O. Company held as an investment in certain other shipping companies, in some cases the whole and in others a portion only of the ordinary capital. That ordinary capital ranked for dividend after the debentures, in cases where they existed, and the preference capital of those various companies.

Those interests which the P. & O. Company had in other shipping concerns had not accrued in a haphazard way, but as the result of a deliberate and far-sighted policy of the board under the auspices of the late chairman, who had in mind not merely the permanent value of those concerns as an investment to the P. & O. Company, but also their value as feeder services and the wisdom of cutting out in various parts of the world where the P. & O. Company's ships plied, the probability of overlapping services and of unnecessary and wasteful competition. In those cases where they existed, and the preference capital of those holders as an investment, those purchases were, in the opinion of the board, fully justified then and remained justified to-day.

VOYAGE RECEIPTS

At first sight it might seem strange that in a year which had been marked by a recovery of shipping generally, the voyages of P. & O. steamers had not been more lucrative than was shown in the accounts. Shipowners in the liner business were bound by Conference agreements. These agreements guaranteed regular sailings at fixed rates of freight which did not vary with the market. During a period of rapidly rising costs it was a lean period for the shipowner if he were bound to a low level of freights. His expenses rose but his receipts did not rise with them. He could not alter freights in an upward direction until new conference agreements had been made. So it came about that the P. & O. Company, in the accounts of the operation of its ships which closed on June 30th last, had been faced with increased expenses for wages, salaries, stevedoring, pilotage, fuel, stores, repairs and so on, whereas for the greater part, and in some cases the whole, of the period under review it had not had the advantage of enhanced freights. It was to be hoped that the moderate increases in freights which had obtained in negotiation under conference agreements would compensate for the increased costs of ship operation.

The unsettlement in the Mediterranean had tended to restrict the valuable short sea passenger traffic which the P. & O. carried between London, Gibraltar, Tangier and Marseilles. P. & O. ships followed the route advised by the Admiralty between Gibraltar and Marseilles and he now saw no reason, with the greater security now prevailing, why that traffic should not revive. If

the situation in Spain had been prejudicial to their cruising receipts, the hostilities in China had recently still more gravely affected their normal trade.

SHIPBUILDING COSTS

It was fortunate that the major gaps in their fleet had been filled before the present high level of costs had been reached. They were well ahead with their programme of rebuilding, and could carry on for a number of years without the pressing necessity for major additions to the P. & O. fleet. With the commissioning of the "Strathallan" early in the year in time for the company's busy homeward season, the P. & O. would have five fine "Strath" steamers to cater for first and tourist class passengers not only from Australia but also from Bombay.

The P. & O. Company had this year celebrated its centenary. They had been greatly pleased by the very cordial messages which came from every great shipping undertaking, not only in this country but abroad. Those constituted not only a great compliment to the P. & O., but a happy augury for co-operation in future. Such co-operation was essential if the shipping industry were not to fritter away its resources in that stupid form of competition which consisted of uneconomic rate-cutting. The shipping industry owed His Majesty's Government a debt of gratitude for the action which it had taken, both with regard to subsidy and the scheme for co-operation, and he thought all would be glad that such co-operation was to continue, that it had the goodwill not only of the tramp but of the liner section of the industry, and that there were good prospects of embracing in the scheme not merely British tramp ships but also those of other countries. Nothing could, he considered, prevent the ebb and flow of freights in accordance with market conditions; nor was the scheme designed to prevent that or to form any sort of ring or combine. It sought merely to introduce a larger measure of common sense into the operation of the industry and to prevent form of waste which could be of no ultimate use to anybody.

POLICY OF THE BOARD

There was nothing that the board would like better than to recommend some increase in the rate of dividend on the deferred stock as soon as it could be prudently done, but the celebration of a centenary would be no excuse for a departure by the board from the policy which they had deliberately adopted and unswervingly pursued since the acute crisis in shipping had come upon them. What was the policy and what had it achieved so far, he asked. It was a policy of internal economy and rationalisation directed to make good the wastage of a succession of calamitous years and to build up the strength and credit of the company in the best interests of its proprietors. It was a policy of steadiness with nothing spectacular about it, but was based upon experience and upon the best advice obtainable in the City of London. If they would look back and compare the situation in which they now stood to that of a comparatively few years ago, he ventured to think that they would agree that the policy of the board, as repeatedly endorsed by the proprietors, had been well justified and, if steadily pursued, would find an ever fuller justification in the years to come. By internal rationalisation of the P. & O. services an economy amounting to £300,000 per annum had been effected. Other large economies had been drastically carried through. New vessels were laid down at a time when costs were low, and the first of those was already operating to the great advantage of the company.

In spite of bad times and the crash of other great concerns, the credit of the P. & O. Company stood deservedly high in the City of London. It had been able to pay off one million pounds of its debentures, and to find the rest at 4½ per cent. instead of at 5, and 5½ per cent. as formerly. They had faced the storm of bad times and of unparalleled uneconomic foreign competition and come through. Through all those years the company had continued to meet every obligation. It had paid its debentures and its preferred stockholders in full. Last year it resumed dividends on the deferred stock.

Although such action had been urged upon them from certain quarters, the board had considered it not wise to press their allies for higher dividends than those which, in the opinion of the men responsible, were justified by the actual results of their year's working in view of the circumstances of their concerns and of their future programmes for ship construction. After the storm they must be given a breathing space, but if they were granted a period of reasonably good trade their available resources, unless there were any calamitous rise in the costs of ship operation, should tend to increase, and it might then be possible for them to make a somewhat larger distribution consistently with the policy of steadiness and caution which he submitted must remain their sheet anchor.

The report was adopted.

DORMAN, LONG AND CO., LIMITED

RECORD PROFIT

VISCOUNT GREENWOOD'S REVIEW

The forty-eighth ordinary general meeting of Dorman, Long and Co., Limited, was held, on Tuesday, December 7th, at Winchester House, London, E.C.

The Right Hon. the Viscount Greenwood, P.C., chairman, who presided, said:—The year under review, ended September 30th last, has been one of expansion of the company's activities in every direction. This means a great increase in employment. In all our works, mines and collieries, including our subsidiaries, the total number of our employees is now 39,889, an increase over 1936 of 3,780, and an increase of 17,141 over the year 1932. Of this great total 34,150 are employed in and about Middlesbrough and in the counties of York and Durham. Our total wage and salary bill for the year under review amounted to nearly £7,000,000. These splendid figures are most gratifying and make clear the strength and influence of our company in our national life and especially in the well-being of the North-East Coast. I am glad to say that in Middlesbrough and Tees-side, the centre of our activities, there is an increasing expansion not only of our own industries but also of other industries.

I know you will want to express through me and the board our appreciation and thanks to all those who work with us in the parent and subsidiary companies of Dorman Long, and whose united efforts have produced the record results set out in the report and accounts. I am glad to say a healthy spirit of co-operation exists among all grades throughout our great business, and your board and the management do everything in their power to maintain that goodwill.

Out of the £10,000 which was set aside last year for a pension fund, £5,000 was definitely allocated to the existing staff pension scheme. This year the board have set aside a further sum of £15,000 for a pension fund for all classes of employees, but the exact allocation of this fund has not yet been determined by the board.

In the course of his review of the accounts and balance sheet the Chairman referred to the repayment of the company's debt to the banks following on an issue of 750,000 ordinary shares, and the consequent relief of the company from fixed charges of approximately £140,000 per annum.

Additions to plant during the year included the completion of the new coking plant, a new light mill, improvements in existing mill equipment, and the rebuilding and modernisation of the North Steel Plant, all at Cleveland Works.

During the year the company's interests in the Union Construction Company, Limited, South Africa, had been increased and that company had been amalgamated with Wade and Dorman, Ltd., the name of the concern being changed to Dorman Long (Africa), Limited.

YEAR'S PROFIT

Continuing, the Chairman said:—The balance of profit for the year amounting to £1,375,418 shows a marked improvement over last year, and is a further record in the history of Dorman, Long and Co., Limited.

During the period of depression ending in 1934 the company was adversely affected as compared with some other steel manufacturers owing to the fact that it owned and worked collieries, mines, quarries, coke ovens and by-product plants and blast furnaces in addition to steelworks and rolling mills.

During the past two years the company has benefited from these departments in two ways:—

1. By the maintenance of supplies of raw materials to the steelworks, and
2. By the profits earned by these departments.

During the past three years expenditure aggregating £1,180,000 has been incurred in improving the company's productive capacity for coke and pig iron, with the result that the company has been able to do its share in response to the Government's demands for increased production of coke and pig iron on which the increased production of steel depends.

Owing to the shortage of pig iron and scrap, the very foundation of re-armament necessities, the British Iron and Steel Federation made arrangements to purchase supplies of great quantities of these essential commodities abroad, and agreements have been entered into to cover the excess cost of these supplies over the prices charged to the steel makers by contributions at a flat rate per ton included in the selling prices of finished steel. This company obtains little direct benefit from an arrange-

ment of this character. It has, however, been possible in this way to maintain stability and to help to expedite the national policy of re-armament.

INCREASES IN PRODUCTION SINCE 1932

Since 1932, the year of greatest depression, production has been raised—

- By 65 per cent. in coal.
- By 128 per cent. in ironstone.
- By 133 per cent. in coke.
- By 171 per cent. in pig iron.
- By 177 per cent. in ingots.
- By 160 per cent. in rolled steel.

The material increase in the company's output of iron and steel during the year 1937 reflects the activity of the steel trade generally and illustrates particularly the effort the company has made to meet the great demand for rolled steel.

PROSPERITY DUE TO NATIONAL TARIFF POLICY

At every annual meeting I have felt bound to emphasise the fact that the prosperity of our industry is primarily due to the national tariff policy of the Government. In my opinion, this policy assures steadier and safer employment of labour and of capital. Our industry has a duty to the public to meet demand with increased efficiency and improved service. That duty the steel industry fully recognises and is doing its best to discharge.

For the future, we will continue to carry out our policy for the concentration and for the modernisation of the works comprised in our great undertaking. Our order book is satisfactory. With the improved state of our finances, with the improvement in our plant and equipment, and with the efficiency and good will of our personnel, we are equipped to do our share in the development of our industry, in the progress of our country and in the future.

The directors' report, balance sheet and accounts of the company for the year ended September 30, 1937, were approved and adopted on the proposition of the Chairman, seconded by Mr J. G. Goodenough.

BRITISH TYRE AND RUBBER COMPANY, LIMITED

SUBSTANTIALLY INCREASED PROFITS

The thirteenth annual general meeting of the British Tyre and Rubber Company, Limited, was held, on the 7th instant, at Winchester House, Old Broad Street, London.

Sir Walrond Sinclair (chairman and managing director) presided and said it gave the directors great pleasure once more to report an increase in the company's profits at a total of £226,289, as compared with £204,659. That was a most gratifying result as, though trade conditions in this country had, generally speaking, been favourable, the board had nevertheless had many difficulties to surmount, more particularly in the wide fluctuations in raw material prices and the delays in deliveries due to circumstances entirely beyond their control. The net profit, subject to tax, was £168,707, against £148,322, and the directors recommended a final dividend of 4½ per cent. together with a cash bonus of 2 per cent., making 10 per cent. for the year. The balance sheet again reflected the continued expansion of the company's business, and two interesting propositions having recently been put before the board, it was probable that before the presentation of the next balance sheet a profitable use would have been found for a large proportion of the company's surplus cash resources.

In most of their products they had had to work on narrower profit margins, but to a large extent that had been compensated by the larger volume of sales. The high quality and reliability of their company's products was widely appreciated, and the board would continue to maintain that standard of quality and service as being "best in the long run."

The principal subsidiary, the India Rubber and Gutta Percha Company, had experienced a satisfactory increase in turnover in practically all departments. All their other subsidiaries had made satisfactory progress and in the aggregate had increased contributions to the parent company's profits.

With regard to the future, the company was better equipped than ever to take full advantage of every trade opportunity, or, conversely, to withstand unexpected shocks.

The report was unanimously adopted.

J. BROCKHOUSE AND COMPANY, LIMITED

NET PROFIT PRACTICALLY DOUBLED

The fortieth annual general meeting of this company was held, on the 8th instant, at West Bromwich.

Mr J. T. Brockhouse, J.P. (the chairman) said that the year had been one of remarkable expansion for the company. The total net profit was practically doubled and as yet they had not begun to reap the benefit of their new acquisitions and expansion. They had reason to regard the coming year with optimism and were anticipating a substantial increase in their share of the trade available, one reason being that the orders on hand were a new record and a very substantial increase on last year. The prosperity of the company depended on no one trade but their interests were spread over practically all the industries of the country using iron and steel. Their complaint was that, as consumers of over 100,000 tons annually, they could not get enough steel and he thought that the Iron and Steel Federation should see that progressive firms such as theirs were kept well supplied with raw material.

New lines taken up included the Lewin Road Sweeper and the businesses of Piercy and Company, R. J. Hunt and Son, Iron-foundries, and the Vitreous Enamelling Company, from all of which they were looking for good returns. They had also entered themselves in the Fluvio Self-priming Pump and now had the machine shop facilities of the Vulcan Motor and Engineering works secured by taking over that business while disposing of its motor vehicle side.

A consolidated balance sheet would be presented next year when the financial years of the subsidiaries had been adjusted. Such a statement would show their reserve to be £300,000 instead of £280,000 and profit additions of probably £10,000 and approximately the same bank balance.

As to the future, with the companies they had acquired this year everything of a doubtful nature in investments had been written down to a nominal figure and they could reasonably expect to maintain, and he hoped, to improve, the profits in future.

He was delighted in asking them to agree to the very handsome dividend of 25 per cent.

The report was adopted.

TOBACCO SECURITIES TRUST COMPANY, LIMITED

NET INCOME £38,000 HIGHER

The tenth annual meeting of Tobacco Securities Trust Company, Limited, was held, on the 8th instant, at the registered offices of the company, Westminster House, 7 Millbank, London, S.W., the Rt. Hon. Lord Catto of Cairncatton presiding.

The Chairman, in moving the adoption of the report and accounts, said that on the present occasion he addressed the shareholders in the happier circumstances of resuming dividends on the deferred stock. In that connection he would point out in view of the manner in which the distributable profits had to be applied, as was clearly shown on the front page of the report, the ordinary capital being about four and a-half times that of the deferred capital, it followed there was a formidable prior charge ahead of the latter which was therefore particularly vulnerable to variations in income. He would strike a note of warning that although a dividend had been resumed on the deferred capital, too great anticipations should not be indulged in. The board naturally hoped there would be continued improvement in the company's earnings, but those came almost entirely from dividends on investments mainly in tobacco companies which were liable to fluctuations.

Their net income amounted to £575,883, against £537,831 last year. The increase of £38,052, though not large, fully justified the board in recommending that dividends be resumed on the deferred capital, a course they had been specially glad to take in view of the patience stockholders had shown in face of the disappointments of recent years.

With regard to the shellac, there was no reason to anticipate any further loss on the stock still held, but the directors, should any further important depreciation take place, would treat that as an isolated loss to be met from the company's reserve fund, thus not affecting the distributable profits of the year. Generally, he hoped that that meeting would be looked on as the beginning of more normal conditions in the future.

The report and accounts were unanimously adopted and the dividend recommendation approved, including the payment on the deferred capital of 4.5714 per cent.

SOUTH WEST AFRICA COMPANY, LIMITED

DIVIDEND AND BONUS AGAIN 15 PER CENT.

The annual general meeting of this company was held, on the 6th instant, in London.

Sir Edmund Davis, J.P., chairman and managing director, after having dealt exhaustively with their various interests, said: The profit of £110,861 is about £12,000 in excess of the profit earned in the preceding year.

At the last general meeting I stated that it was our hope that we should be able in our next accounts to show sufficient profit to warrant again the declaration of a dividend of 5 per cent. with a bonus of 10 per cent., and that the carry-forward would probably be a few thousand pounds larger than the accounts which we were then presenting. Your directors have been gratified to see that forecast fulfilled, inasmuch as, in addition to distributing the same dividend and bonus as last year, we are carrying forward not less than £117,856, compared with the last carry-forward of £86,766. I see no reason why I should not state that we confidently hope to be in a position at the end of our new, that is the now current, financial year, to earn profits equal to those in the accounts now before you, though this may be influenced by lack of development of the Abenab Mine in depth. In this connection we have been delayed in our operations and all we can say is that on the lowest level the ore is apparently of the same value as it was previously, though all appearances tend to indicate that the ore body is contracting in size in depth.

I feel fairly confident in stating that our profits for the current financial year should be sufficient to warrant our again suggesting the payment of a dividend of 5 per cent. and a bonus of 10 per cent.

The report and accounts were unanimously adopted.

CAM AND MOTOR GOLD MINING COMPANY (1919), LIMITED

NOTABLE DIVIDEND RECORD

The ordinary general meeting of this company was held, on the 3rd instant, in London.

Mr L. E. B. Homan (the chairman) said that, as a result of the year's operations, and including the profit on exchange of the year's operations, and including the profit on exchange of the year's operations, there was a balance to appropriation account of £378,333, £40,541, there was a balance to appropriation account of £378,333, compared with £337,715 in the previous year. With the balance brought forward there was a total available of £444,146, of which £337,500—an increase of £37,500—had been distributed in dividends.

The ore reserves again showed an increase of some 17,000 tons, in spite of their having drawn from the mine 317,000 odd tons during the year, and the average value per ton was practically the same. With regard to tonnage drawn from the mine, although 317,317 tons were mined, of this only 184,951 tons were taken from the stopes.

Since June 30th the most interesting news was the intersection of the motor lodes in the thirty-fourth level, where good values had been encountered, although not so good at the point of intersection as in the upper levels. Driving was now proceeding on this level, the latest information being given in the cable published on Thursday.

With regard to the immediate future, further capital expenditure was recommended by their engineers for equipment in connection with opening up the lodes at depth. They were now down over 4,500 ft., which, of course, also meant that they had to arrange for equipment for ventilation. In view of this capital expenditure, shareholders could not look for increased dividends under present conditions.

The lower values at present being encountered in the bottom levels of the mine had also a bearing on the position, as the development rock—all of which went through the mill—affected the head values. There was also a tendency to a rise in costs owing to the increased cost of materials and of recruiting. The new taxation here—N.D.C.—would also affect profits. This tax, and the variation of the tax in Rhodesia, was causing the board a certain amount of anxiety, and they might be some day forced to recommend to shareholders that, in their own interests, the control of the company should be moved to Rhodesia.

The tables at the end of the report showed that to June 30th last the company had crushed practically 5,000,000 tons from the mine, and had produced gold, including premium, to the value of £10,500,000, with a working profit of £5,000,000, of which shareholders had received up to June last no less than £3,000,000 in dividends, apart from repayment of capital to the extent of 7s. 6d. per share. A welcome addition to these figures would be made by

the declaration of a dividend for the current half-year, as he was in a position to advise shareholders that at a meeting held that morning the board had decided to declare a dividend at the rate of 4s. per share, less tax, after allowing for Colonial relief.

The report and accounts were unanimously adopted and the conversion of shares into stock was unanimously approved.

BUKIT KAJANG RUBBER ESTATES LIMITED

INCREASED PROFIT AND DIVIDEND

The twenty-eighth annual general meeting of this company was held, on the 9th instant, at 7 Martin's Lane, London.

Mr W. Arthur Addinsell, the Chairman, said *inter alia*: You have before you a gratifying record of the year's working. By an increase of some 300,000 lbs. in the quantity harvested and approximately 2½d. per lb. in the average net sale price, we secured a profit of £25,603, compared with £10,096 last year. Your directors recommend a dividend of 11 per cent., compared with 5 per cent. last year, and place £5,000 to reserves.

The planted area has been increased by the purchase of 133 acres of mature rubber. The main object was to round off our Rengo Malay Estate boundaries; but apart from that, it was a desirable acquisition at a reasonable price. The report advises that 60 acres of jungle reserve owned by the company has been selected by the Rubber Research Institute as suitable for an experimental area.

At our last meeting I gave particulars of an investment in a new issue by Castlefield (Klang) Rubber Estate, Ltd. When it was decided to acquire the 133-acre block it was decided to dispose of the Castlefield shares and utilise the proceeds towards the purchase of the new property. The realisation resulted in a profit of £986.

Taking into account the areas in the Holyrood and Edensor Companies in which we have shareholdings, the par capitalisation per cultivated area of rubber works out at about £33, which is comparatively low.

During the past two or three months the trend of the rubber market has caused concern to shareholders in producing companies, and it was a source of satisfaction to learn the decision of the International Control Committee last week. Assuming the 70 per cent. export rate fixed for January-March is continued for April-June our exportable allowance for the twelve months ending June 30th next will approximate 1,497,000 lbs., compared with 1,336,000 harvested last year. Whether we can secure the same average sale price is for the future to decide, but I am hopeful that it will be possible to at least maintain the dividend you are now asked to sanction.

The report was unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended December 4, 1937, amounted to £9,200,000, against ordinary expenditure of £45,027,000. After reducing Exchequer Balances by £152,673 the operations for the week, as shown in the next column, increased the gross National Debt by £35,904,000, to about £8,273 millions.†

† Including £575 millions on account of Exchange Equalisation Account.

KANSALLIS - OSAKE - PANKKI

(NATIONAL JOINT STOCK BANK)
ESTABLISHED 1889

PAID-UP CAPITAL AND FMK
RESERVES - - - 537,000,000
DEPOSITS AND CREDIT
BALANCES September, 1937 3,959,000,000

Head Office: HELSINKI (Helsingfors) FINLAND

Our large network of branches, comprising 200 BRANCHES ensures prompt and efficient execution of your collections and payment orders

Telegraphic Address: KANSALLISPANKKI

(000's omitted)		
Treasury Bills	+ 19,379	National Savings Certificates
Bank of England Advances	+ 10,250	P.O. and Teleg. (Money) Act
Public Department Advances	+ 6,310	
Land Settlement (Fac.) Acts	+ 15	
Tithe Act, 1936	+ 300	
	+ 36,254	

An approximate analysis of the National Debt as at September 30 1937, appeared on page 41 of *The Economist* of October 2nd.

REVENUE	Receipts into the Exchequer				
	Estimate for the year 1937-38	April 1, 1936, to Dec. 5, 1936	April 1, 1937, to Dec. 4, 1937	Week ended Dec. 5, 1936	Week ended Dec. 4, 1937
ORDINARY REVENUE					
Inland Revenue					
Income Tax	288,150,000	71,571,000	83,183,000	£	£
Sur-tax	58,000,000	7,550,000	8,580,000	230,000	1,255,000
Estate, etc., Duties	89,000,000	56,850,000	61,440,000	1,990,000	210,000
Stamps	29,000,000	15,440,000	13,700,000	360,000	50,000
National Defence Contribution	2,000,000	...	15,000	...	10,000
Other Inland Revenue	1,500,000	140,000	380,000	...	40,000
Total Inland Revenue	467,650,000	151,551,000	167,308,000	3,544,000	3,263,000
Customs and Excise					
Customs	219,850,000	144,551,000	152,290,000	3,866,000	3,813,000
Excise	118,150,000	75,400,000	78,457,000	1,687,000	1,532,000
Total Customs and Excise	338,000,000	219,951,000	230,747,000	5,553,000	5,345,000
Motor Vehicle Duties	34,000,000	111,232,000	11,360,000	£161,000	108,000
Post Office (Net Receipt)	11,800,000	10,800,000	10,910,000	Dr. 50,000	380,000
Post Office Fund	1,350,000	1,020,000	24,659	...	...
Crown Lands	4,300,000	3,528,162	4,146,013	91,368	90,533
Receipts from Sundry Loans	11,000,000	14,396,646	9,909,028	69,003	13,703
Miscellaneous Receipts	863,100,000	412,475,808	435,394,700	9,368,371	9,200,236
Total Ordinary Revenue	75,198,000	45,400,000	48,040,000	1,800,000	1,270,000
SELF-BALANCING REVENUE					
Post Office (Revenue required to meet expenditure on Post Office and Broadcasting)	...	...	...	...	...
Total	...	457,875,808	483,434,700	10,988,371	10,470,236

EXPENDITURE	Issues out of the Exchequer to meet payments				
	Estimate for the year 1937-38	April 1, 1936, to Dec. 5, 1936	April 1, 1937, to Dec. 4, 1937	Week ended Dec. 5, 1936	Week ended Dec. 4, 1937
ORDINARY EXPENDITURE					
Interest and Management of National Debt	224,000,000	174,372,032	176,464,158	30,787,131	29,954,415
Payments to Northern Ireland Exchequer	8,000,000	4,423,781	4,891,236	248,464	256,786
Other Consolidated Fund Services	3,200,000	1,477,737	1,991,405	...	10,342
Post Office Fund	300,000	420,529	...	...	...
Total	235,500,000	180,694,079	183,346,799	31,035,595	30,221,543
Total Supply Services (excluding Post Office and Broadcasting)	162,734,800	136,334,179	140,580,547	£11,660,000	14,805,000
Total Ordinary Expenditure	862,848,000	544,037,258	592,927,346	42,695,595	45,026,543
SELF-BALANCING EXPENDITURE					
Post Office Vote and Vote for Broadcasting	75,198,000	45,400,000	48,040,000	1,600,000	1,270,000
Total	...	589,437,258	640,967,346	44,295,595	46,296,543

† Including margin for Civil Supplementary Estimates but excluding £90,000,000 estimated to be met from borrowed moneys under the Defence Loans Act, 1937.
‡ Motor Vehicle Duties apportioned to Road Fund treated as Self-Balancing in 1936-37 now added to Revenue and Expenditure figures for purposes of comparison.

The aggregate issues and receipts from April 1, 1937, to December 4, 1937, are shown below:—

(000's omitted)		
Ordinary Expenditure	592,927	Ordinary Revenue
Issue to Exchange Equalisation Fund (July, 1937)	200,000	Decrease in balances
		Gross borrowing
		Less:—
		New Sinking Fund
		Old S. Fund, 1907-08
		Net borrowing
	792,927	

POSITION OF THE FLOATING DEBT

Ways & Means Advances Outstanding	Dec. 5, '36	Mar. 31, '37	Dec. 4, '37	Movement week ended Dec. 4, '37
Advances by Bank of England	...	...	...	...
Advances by Public Departments	29,280,000	23,535,000	10,280,000	+ 10,280,000
Treasury Bills outstanding	815,890,000	674,585,000	42,590,000	+ 8,310,000
Total Floating Debt	845,150,000	698,130,000	971,865,000	+ 35,930,000

* Includes £14,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £50,000,000 Treasury Bills were opened on December 3, 1937. The amount applied for was £84,430,000. Tenders were accepted for Treasury Bills at three months dated Monday at £99 15s. 5d. and above, in full; Tuesday to Saturday at £99 15s. 4d. about 25 per cent. and above, in full. The average rate per cent. was 18s. 2.16d.

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 4, 1935	30,000,000	48,560,000	27,500,000	0 8 1.64
July 5, 1935	40,000,000	60,905,000	40,000,000	0 12 4.32
January 3, 1936	35,000,000	68,075,000	35,000,000	0 10 10.72
July 3, 1936	50,000,000	72,750,000	50,000,000	0 12 1.27
January 1, 1937	40,000,000	75,450,000	40,000,000	0 12 5.63
April 2, 1937	45,000,000	73,025,000	45,000,000	0 10 10.88
July 2, 1937	45,000,000	72,850,000	45,000,000	0 11 0.45
October 1, 1937	50,000,000	84,285,000	50,000,000	0 10 9.02
November 26, 1937	50,000,000	62,315,000	50,000,000	0 15 0.22
December 3, 1937	50,000,000	84,430,000	50,000,000	0 18 2.16

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended October 30, 1937	598,960	£449,220
Week ended November 6, 1937	685,548	514,161
Week ended November 13, 1937	609,502	457,126
Week ended November 20, 1937	663,461	497,596

THE BANKERS' GAZETTE

BANK OF ENGLAND

RETURN FOR WEEK ENDED WEDNESDAY,
DECEMBER 8, 1937

ISSUE DEPARTMENT

Notes Issued:—	£	Government Debt	£
In Circulation	492,830,691	Other Government Securities	208,685,237
In Banking Department	53,575,934	Other Securities	288,836
		Silver Coin	10,827
		Amount of Fiduciary Issue	220,000,000
		Gold Coin and Bullion	328,406,625
	546,406,625		546,406,625

BANKING DEPARTMENT

Proprietors' Capital	£	Government Securities	£
Rest	14,553,000	Other Securities	87,243,165
Public Deposits*	3,323,949	Discounts and Advances	£9,640,659
Other Deposits	11,741,792	Securities	£20,954,876
Bankers	£106,310,282	Notes	30,595,535
Other Accounts	£36,657,844	Gold and Silver Coin	53,575,934
	142,968,106		1,172,213
			172,586,847

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

Both Departments	Amount, Dec. 8, 1937	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	492,830,691	+ 7,154,251	+ 33,978,647
Public deposits	11,741,792	+ 243,166	+ 5,748,819
Bankers' deposits	106,310,282	+ 637,391	+ 19,325,762
Other deposits	36,657,844	+ 92,341	+ 2,226,598
Total outside liabilities	647,540,589	+ 7,640,817	+ 45,328,992
Capital and rest	17,876,949	+ 26,251	+ 15,183
Government debt and securities	306,943,502	+ 8,781,396	+ 34,453,410
Discounts and advances	9,640,659	+ 881,543	+ 1,494,699
Other securities	21,243,712	+ 113,147	+ 12,365
Silver coin in issue department	10,827	+ 1,350	+ 3,843
Coin and bullion (bank's reserves)	327,578,838	+ 118,288	+ 78,263,998
Reserves of notes and coin in banking department	54,748,147	+ 7,272,539	+ 4,285,351
Proportion of reserve to outside liabilities—			
(a) Banking Department only ("proportion")	35.4%	+ 4.8%	+ 0.2%
(b) Gold stocks to deposits and notes ("reserve ratio")	50.6%	+ 0.6%	+ 9.2%

(000's omitted)

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1937	£	£	£	£	£	£	%
Nov. 17	546,407	481,108	33,172	86,698	36,141	Nil	2
" 24	546,407	480,374	35,358	83,598	36,348	Nil	2
Dec. 1	546,407	485,878	11,985	105,673	36,568	Nil	2
" 8	546,407	492,831	11,742	106,310	36,658	Nil	2

(000's omitted)

Date	Issue Department		Both Depts.		Banking Department				
	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio	%	Govt. Securities	Dis-counts & Advances	Other Securities	Reserve and the "Pro-portion"	%
1937	£	£	£	%	£	£	£	£	%
Nov. 17	219,152	838	327,952	51½	76,613	9,020	21,301	66,845	42½
" 24	218,752	1,238	327,952	51½	76,153	8,601	20,868	67,487	43½
Dec. 1	219,339	649	327,697	51½	78,823	10,522	20,708	62,021	40½
" 8	219,700	289	327,579	50½	87,243	9,641	20,955	54,748	35½

BANKERS' CLEARING RETURNS

LONDON (000's omitted)

	Town	Metropolitan	Country	Total
1937	£	£	£	£
January 1 to November 24	33,305,165	1,949,425	3,438,375	38,692,965
Week ended December 1	666,950	39,290	64,867	771,097
Week ended December 8	685,944	49,414	93,617	828,975
Total to date, 1937	34,658,059	2,038,119	3,596,859	40,293,037
Total to date, 1936	32,326,470	1,901,338	3,304,244	37,532,052
Increase or decrease in 1937	+ 2,331,589	+ 136,781	+ 292,615	+ 2,760,985
	= 7.2%	= 7.2%	= 8.6%	= 7.4%
Total for year 1936	35,039,356	2,039,620	3,537,598	40,616,574
Total for year 1935	32,443,575	1,887,112	3,229,064	37,559,751
Increase or decrease in 1936	+ 2,595,781	+ 152,508	+ 308,534	+ 3,056,823
	= 8.0%	= 8.1%	= 9.6%	= 8.2%

PROVINCIAL (000's omitted)

No. of working days :	Week ended December 4		Month of November (Dublin excl. d.)			Aggregate Totals January 1 to December	
	1936	1937	1936	1937	Inc. or Dec.	1936	1937
	£	£	25	26	%	£	£
BIRMINGHAM.....	4,663	3,787	13,757	10,871	-20·9	129,265	126,253
BRADFORD.....	1,143	853	4,646	3,622	-22·0	47,419	48,690
BRISTOL.....	1,565	1,418	5,736	5,850	+1·9	62,171	62,406
DUBLIN.....	6,450	6,308				274,495	280,422
HULL.....	938	990	3,500	3,881	+10·8	39,782	44,026
LEEDS.....	1,099	1,072	3,970	3,745	- 5·6	45,010	48,285
LIVERPOOL.....	836	875	3,322	3,118	- 6·1	35,427	36,353
MANCHESTER.....	8,203	7,986	30,878	3,013	-11·5	303,150	332,720
NEWCASTLE.....	13,504	13,055	47,438	46,296	- 2·4	530,585	527,189
NOTTINGHAM.....	1,643	1,733	6,126	6,918	+ 7·7	64,120	74,282
SHEFFIELD.....	697	660	2,198	2,121	- 3·5	24,645	24,822
	1,527	1,763	4,362	4,709	+ 7·9	48,730	53,033
	42,388	39,800	125,932	118,132	- 6·1	1,570,418	1,659,799

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

12 U.S.F.R. BANKS	Dec. 10, 1936	Nov. 18, 1937	Nov. 26, 1937	Dec. 2, 1937	Dec. 9, 1937
RESOURCES					
Gold Certificates on hand and due from the Treasury	8,809,320	9,123,900	9,122,400	9,121,900	9,121,910
Total reserves	9,068,770	9,458,410	9,451,520	9,453,960	9,442,880
Total cash reserves	247,460	325,220	319,180	311,280	311,280
Total bills discounted	6,800	18,700	15,860	17,030	17,390
Total bills on hand	9,090	2,830	2,830	2,830	2,820
Industrial advances	25,490	19,260	18,690	18,460	18,450
Total U.S. Govt. securities	2,430,230	2,554,710	2,564,010	2,564,010	2,564,010
Total bills and securities	2,464,810	2,595,800	2,601,290	2,602,340	2,602,680
Total resources	12,236,520	12,902,660	12,757,800	12,841,930	12,732,580
LIABILITIES					
Federal Reserve notes in actual circulation	4,232,670	4,249,620	4,264,830	4,279,490	4,294,880
Aggregate of excess member bank reserves over requirements	2,160,000	1,100,000	1,140,000	1,120,000	1,050,000
Deposits—Member bank—reserve account	6,730,990	6,922,400	6,948,930	6,966,470	6,836,280
Government deposits	135,160	139,360	139,360	176,640	176,640
Total deposits	7,052,690	7,580,970	7,547,040	7,542,460	7,523,760
Capital paid in and surplus	302,870	305,970	305,970	305,990	306,000
Total liabilities	12,236,520	12,902,660	12,757,800	12,841,930	12,732,580
Ratio of total reserves to deposit and F.R. note liabilities combined	80.4%	80.1%	80.0%	80.0%	79.9%
U.S.F.R. BANKS AND TREASURY COMBINED					
Monetary Gold Stock	11,206,000	12,789,000	12,774,000	12,774,000	12,764,000
Treasury and National Bank Currency	2,525,000	2,611,000	2,619,000	2,621,000	2,623,000
Liabilities	6,497,000	6,534,000	6,554,000	6,568,000	6,591,000
Treasury Cash and Deposits with F.R. Banks	2,465,000	3,768,000	3,739,000	3,804,000	3,864,000

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted)

	Dec. 10, 1936	Nov. 18, 1937	Nov. 26, 1937	Dec. 2, 1937	Dec. 9, 1937
RESOURCES					
Monetary Gold Stock	11,206,000	12,789,000	12,774,000	12,774,000	12,764,000
Treasury and National Bank Currency	2,525,000	2,611,000	2,619,000	2,621,000	2,623,000
Liabilities	6,497,000	6,534,000	6,554,000	6,568,000	6,591,000
Treasury Cash and Deposits with F.R. Banks	2,465,000	3,768,000	3,739,000	3,804,000	3,864,000

FEDERAL RESERVE REPORTING MEMBER BANKS
In \$'s (000,000's omitted)

Assets	Nov. 25, 1936	Oct. 27, 1937	Nov. 3, 1937	Nov. 10, 1937	Nov. 17, 1937	Nov. 24, 1937
Loans, total	8,779	9,882	9,825	9,800	9,532	9,479
Investments	13,622	12,012	12,029	12,008	11,998	11,953
Reserve with Federal Reserve banks	5,431	5,404	5,325	5,309	5,365	5,394
Due from domestic banks	2,475	1,742	1,744	1,755	1,867	1,850
LIABILITIES						
Demand deposits, adjusted	15,464	14,804	14,610	14,657	14,612	14,685
Time deposits	5,034	5,274	5,278	5,302	5,296	5,273
Government deposits	449	471	447	416	416	418
Due to banks	6,682	5,438	5,516	5,428	5,555	5,436
Notes issued	47,538	49,284	49,284	49,284	49,284	49,534
Reserve premium on gold	7,753	7,753	7,753	7,753	7,753	7,753
Deposits	70,379	83,212	87,337	86,485	86,508	88,946

† In this item, comparison between May 20, 1937, onwards and preceding weeks is affected by a revision of the statement.

AUSTRALIAN COMMONWEALTH BANK
In £'s (000's omitted)

Assets	Dec. 7, 1936	Nov. 8, 1937	Nov. 15, 1937	Nov. 22, 1937	Nov. 29, 1937	Dec. 6, 1937
Gold and English sterling	18,002	16,007	16,007	16,007	16,007	16,007
Other coin, bullion and cash	5,174	6,268	5,644	5,227	5,511	4,881
Money at short call—London	20,534	35,500	37,224	36,358	35,099	33,219
Short-term loans	8,632	10,925	10,925	10,925	10,925	10,925
Securities and Treasury bills	74,990	79,903	81,850	82,418	83,387	84,508
Discounts and advances	8,680	11,104	11,101	11,103	10,962	11,546
LIABILITIES						
Notes issued	47,538	49,284	49,284	49,284	49,284	49,534
Reserve premium on gold	7,753	7,753	7,753	7,753	7,753	7,753
Deposits	70,379	83,212	87,337	86,485	86,508	88,946

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

Assets	Dec. 2, 1936	Nov. 17, 1937	Nov. 24, 1937	Dec. 1, 1937
Reserve, of which	159,142	207,551	208,587	203,003
Gold coin and bullion	179,369	180,035	179,883	179,831
Investments	164,870	209,229	208,355	192,925
LIABILITIES				
Note circulation	126,165	159,727	157,883	156,125
Deposits: Dominion Government	23,985	25,861	28,964	28,407
Chartered banks	201,604	221,865	217,780	200,751
Ratio of reserves to notes and deposit liabilities	56.3%	50.8%	51.4%	52.6%

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

Assets	Dec. 4, 1936	Nov. 5, 1937	Nov. 12, 1937	Nov. 19, 1937	Nov. 26, 1937	Dec. 3, 1937
Gold coin and bullion	23,252	22,938	22,938	22,938	22,937	22,937
Bills discounted: Foreign	9,802	5,716	5,666	6,122	6,126	5,806
Investments	1,745	1,725	1,725	1,725	1,725	1,725
Other assets	11,399	10,915	10,692	10,528	11,028	10,710
LIABILITIES						
Notes in circulation	15,484	16,721	15,805	15,412	16,401	17,283
Deposits: Government	1,221	1,580	1,626	2,401	1,650	1,556
Bankers	22,387	18,077	19,283	17,777	17,018	17,197
Ratio of cash reserves to liabilities to public	53.1%	56.1%	56.4%	56.9%	57.1%	55.4%

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

Assets	Dec. 4, 1936	Nov. 19, 1937	Nov. 26, 1937	Dec. 3, 1937
Gold coin and bullion	44,42,17	44,41,51	44,41,51	44,41,51
Rupee coin	66,52,39	6,01,20	5,53,83	62,56,62
Balances abroad	11,60,19	80,30,70	80,30,70	80,30,70
Sterling securities*	23,41,02	27,37,85	27,37,83	27,37,45
Indian Government rupee securities*	6,23,20	6,92,46	6,81,97	6,36,05
Investments				
Notes in circulation	1,79,39,44	1,81,62,48	1,78,92,37	1,82,60,55
Deposits: Government	7,55,67	9,11,96	10,66,89	8,43,23
Bankers	25,35,90	27,34,98	26,59,98	26,59,98
Ratio of gold and sterling to liabilities	55.4%	58.2%	58.1%	58.1%

* Held against notes.

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

Assets	Dec. 4, 1936	Nov. 11, 1937	Nov. 18, 1937	Nov. 25, 1937	Dec. 2, 1937
Gold*	60,358,742	58,932,022	58,932,022	58,932,022	58,932,022
Advances on Gold Coin	1,102,146				
Commercial Bills	8,118,752	9,890,900	9,891,098	10,397,736	9,293,509
Bills bought abroad	1,442,723	927,600	927,600	927,600	913,563
Advances on securities	4,473,593	4,847,464	4,353,857	3,998,647	4,507,120
Loans to State	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Interest: (a) general	12,998,092	26,918,460	26,918,460	26,918,460	26,918,460
(b) provisional					
Negotiable Bonds	5,639,780	5,637,303	5,637,303	5,637,303	5,637,303
Sinking Fund Dept.					
Other assets (excluding forward exch.)	3,921,292	4,719,507	4,344,032	4,160,181	4,497,222
LIABILITIES					
Notes in circulation	87,272,528	90,947,946	89,989,039	90,130,930	91,833,487
Public deposits	1,982,966	2,688,703	2,691,414	2,685,830	2,742,684
Private deposits	3,343,380	17,890,382	17,894,010	17,787,500	15,643,367
Other liabilities		3,619,896	3,577,891	3,577,891	3,579,660
Ratio of gold reserve to sight liabilities	61.6%	52.8%	53.3%	53.2%	53.4%

* From July 29, 1937, based on franc at 43 (against 49) milligrams.

REICHSBANK.—In Reichsmarks (000's omitted)

Assets	Nov. 30, 1936	Nov. 13, 1937	Nov. 23, 1937	Nov. 30, 1937
Gold	66,097	70,139	70,253	70,456
Of which deposited abroad	28,272	20,055	20,125	20,299
Reserve in foreign currencies	5,409	5,723	5,893	5,741
Bills of exchange and cheques	4,908,339	5,005,948	4,798,677	5,546,486
Silver and other coin	135,040	188,750	228,960	142,220
Advances	67,458	28,152	30,995	46,079
Investments	421,941	397,385	397,347	390,954
Other assets	634,628	820,122	808,441	727,443
LIABILITIES				
Reserves	473,561	492,977	492,977	492,977
Notes in circulation	4,674,152	4,825,082	4,844,700	5,195,960
Other daily maturing obligations	753,303	728,969	729,892	765,946
Other liabilities	287,894	319,181	322,967	324,514
Cover of note circulation	1.53%	1.57%	1.63%	1.46%

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

Assets	Dec. 3, 1936	Nov. 4, 1937	Nov. 10, 1937	Nov. 18, 1937	Nov. 25, 1937	Dec. 2, 1937
Gold	3,710,206	3,343,659	3,340,787	3,353,950	3,361,896	3,389,585
Silver and other coin	55,397	47,432	46,837	51,030	52,818	50,514
Securities	1,352,078	1,256,216	1,263,684	1,261,514	1,266,335	1,266,593
Advances	75,389	49,083	39,449	37,649	34,957	45,554
LIABILITIES						
Notes in circulation	4,480,422	4,353,825	4,338,913	4,282,489	4,270,607	4,317,219
Deposits: Govt.	58,285	58,910	32,155	41,503	28,999	71,023
Other	843,234	461,845	503,829	584,104	602,443	651,949

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

Assets	Dec. 7, 1936	Nov. 8, 1937	Nov. 15, 1937	Nov. 22, 1937	Nov. 29, 1937	Dec. 6, 1937
Gold	569,895	1,094,586	1,424,638	1,424,638	1,381,658	1,365,841
Silver	18,762	17,261	17,353	17,583	17,224	16,579
Home bills discounted	22,596	9,621	9,331	9,482	26,413	26,170
Loans and advances						
In current account	327,210	190,754	189,492	189,368	190,381	190,428
Notes in circulation	787,667	881,973	872,915	865,748	887,632	878,168
Deposits	172,177	751,200	769,431	769,596	754,361	744,614

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

Assets	Nov. 30, 1936	Oct. 30, 1937	Nov. 6, 1937	Nov. 13, 1937	Nov. 23, 1937	Nov. 30, 1937
Gold	2,581,008	2,672,472	2,708,355	2,692,545	2,692,545	2,692,576
Of which held abroad	528,883	706,889	751,822	721,111	721,446	721,446
Foreign exchange	53,995	482,564	483,869	489,749	490,191	490,151
Discounts	29,068	10,523	10,183	10,354	10,358	10,421
Advances	41,520	26,647	27,483	26,765	26,857	31,686
Securities	30,300	15,897	15,897	15,897	15,911	30,449
LIABILITIES						
Notes in circulation	1,403,476	1,450,002	1,418,768	1,405,141	1,395,692	1,458,494
Deposits	1,279,659	1,737,390	1,809,536	1,782,021	1,794,170	1,755,607

N.B.—Exchange Equalisation Fund and assets included in returns Dec. 31, 1936, onwards at 538,583,653 fcs.

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

ASSETS		Nov. 30, 1936	Nov. 8, 1937	Nov. 15, 1937	Nov. 22, 1937	Nov. 30, 1937
Coin and bullion (gold reserve)...		118,857	118,840	118,840	118,839	118,837
Balance abroad and foreign bills		82,122	177,446	180,149	183,034	181,034
Funds provisionally placed in gold, not included in the gold reserve						
Norwegian and foreign government securities	96,211		70,331	70,331	70,331	70,331
Discounts and loans		45,553		93,389	93,755	93,755
LIABILITIES		212,082	122,345	118,428	120,343	121,034
Notes in circulation		406,239	419,565	415,777	413,893	421,034
Deposits at sight		96,999	105,348	107,749	107,749	107,749

Overseas bank rates and exchange rates for South Africa and Australasia also appeared in the above issue.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Deben- ture Interest	Amount Available for Dis- tri- bu- tion	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Deprecia- tion, etc.	Balance Forward	Net Profit	Divi- dend
					Prefce.	Ordinary					
						Amount	Amount					Rate
		£	£	£	£	£	%	£	£	£	%
Banks											
National Bank of Scotland	Nov. 1	84,065	276,012	360,077	...	132,000	16	140,000	88,077	272,441	16
Breweries											
Hewitt Brothers	Oct. 31	15,336	100,900	116,236	9,000	39,375	15	47,954	19,907	93,567	15
Ind Coope and Allsopp	Sept. 30	379,768	643,686	1,023,454	92,854	360,050	27½	183,076	387,474	618,181	27½
Officers' Brewery	Sept. 30	86,493	72,498	158,991	8,400	36,000	30	25,000	89,591	70,040	27½
Walker and Homfrays	Sept. 30	17,945	15,763	33,708	...	...	...	...	...	...	...
Wenlock Brewery	Oct. 31	112,998	107,466	220,464	7,500	52,500	17½	47,059	113,405	108,104	17½
Financial Land, etc.											
Australian Pastoral	June 30	9,480	73,531	83,011	...	50,000	5†	12,000	21,011	47,244	3½
Earls Court, Ltd.	Sept. 30	Dr. 33,630	2,950	Dr. 30,680	...	...	...	...	...	...	...
First Garden City	Sept. 30	28,583	20,963	49,546	7,500	12,500	5	737	28,839	26,241	5
Govt. & Gen. Investment	Nov. 30	...	12,216	12,216	4,245	5,522	8	2,449	...	11,229	10
Industrial Credit Co.	Oct. 31	11,331	23,864	35,195	...	...	...	...	...	...	...
N. Zealand Loan & Mercantl.	June 30	...	136,012	136,012	50,000	31,250	2½	15,000	10,195	29,117	Nil
Porkellis Property Trust	Oct. 31	1,969	14,822	16,791	...	9,000	5½	5,060	2,731	10,168	5½
Scottish Australian Co.	June 30	4,427	74,923	79,350	32,000	25,000	5	...	22,350	25,451	4
Second Covent Garden Prty.	Nov. 30	23,118	66,999	90,117	26,250	34,875	7½	...	28,992	68,962	7½
Hotels, Restaurants, etc.											
Aerated Bread Co.	Oct. 2	48,337	172,617	220,954	36,009	48,075	5	92,247	44,623	187,333	5
Carlton Hotel	Aug. 31	37,135	20,641	57,776	11,000	...	...	9,356	37,420	13,956	Nil
Iron, Coal and Steel											
Albion Drop Forgings	Sept. 30	760	19,530	20,290	...	15,750	17½	...	4,540	(a)	(a)
Blaenavon Co.	Sept. 30	...	17,860	17,860	2,250	...	...	...	15,810	23,704	Nil
Cargo Fleet Iron	Sept. 30	94,513	250,143	344,656	...	50,000	5	200,000	94,656	189,612	4
Hill (Richard) and Co.	Sept. 30	...	22,922	22,922	...	3,184	6	...	19,758	15,787	Nil
Lister (R. A.)	Sept. 30	62,176	122,286	184,462	13,612	76,707	16	25,000	69,143	103,893	16
Shotts Iron	Sept. 30	17,886	99,506	117,392	5,104	29,424	7½	60,000	22,864	74,425	2½
South Durham Steel & Iron	Sept. 30	119,013	215,890	334,903	18,000	45,500	13 ord. 7 B ord.	110,000	120,256	200,267	12 6
Motor, Cycle and Aviation											
Bluemel Bros.	Sept. 30	9,181	16,006	25,187	4,200	9,000	10	500	11,487	13,855	10
Jowett Cars	Sept. 30	12,156	Dr. 478	11,678	7,500	...	...	1,500	2,678	11,149	7½
Raleigh Cycle Holdings	Nov. 30	4,353	278,646	282,999	45,000	234,375	25	...	3,624	262,223	22½
Rossleigh, Ltd.	Sept. 30	38,478	42,925	81,403	450	18,000	20	...	62,953	34,506	20
Stanley Motors	June 30	(r) 23,311	23,311	10,713	...	...	...	11,646	952	(a)	(a)
Oil											
Anglo-Ecuadorian Oilfields	June 30	55,784	300,457	356,241	...	225,000	15	62,926	68,315	168,520	10
Steaua Romano (British)	June 30	34,986	123,907	158,893	...	60,000	4	64,500	34,393	97,589	4
Trinidad Consolidated O'f'ds	Sept. 30	(v) 16,768	16,768	...	...	...	...	...	16,768	(a)	(a)
Rubber											
Bukit Kajang	June 30	3,175	25,604	28,779	...	19,250	11	5,000	4,529	9,258	5
Ratanui	June 30	1,011	8,825	9,836	...	6,000	10	1,500	2,336	3,193	4
Serdang Central	Aug. 31	2,765	8,902	11,667	...	4,424	5	4,875	2,368	871	Nil
Serom	Sept. 30	58	8,082	8,140	1,953	2,884	4	3,050	253	2,985	Nil
Shops and Stores											
Cooper and Co's Stores	Oct. 12	12,167	30,022	42,189	28,000	...	...	...	14,189	2,089	Nil
Finlay and Co.	Sept. 30	32,356	68,792	101,148	1,875	44,625	17	22,000	32,648	61,340	16
Shipping											
Orient Steam	June 30	40,461	360,461	400,922	82,260	52,043	5†	230,537	36,082	272,611	5†
Trusts											
Camperdown Trust	Nov. 1	20,648	42,257	62,905	13,688	20,531	9	15,000	13,686	38,014	8
London Scottish American	Oct. 31	72,928	75,664	148,592	22,500	40,000	8	...	86,092	67,776	7
Nelson Financial Trust	Oct. 31	21,217	33,618	54,835	9,157	20,605	5	3,000	22,073	30,287	4
Northern American	Nov. 1	38,120	118,139	156,259	27,300	68,250	15	50,000	10,709	109,552	14
Scottish Allied Investors	Nov. 15	6,232	20,089	26,321	11,375	3,033	2	548	11,365	15,159	Nil
Scottish Investment Trust	Nov. 5	13,834	75,544	89,378	51,047	7,562	4	15,000	15,769	64,654	2½
Other Companies											
Agar, Cross and Company	June 30	Dr. 537,700	227,505	Dr. 310,195	...	...	...	...	Dr. 310,195	21,590	Nil
Antwerp Oil Wharves	Sept. 30	2,686	5,272	7,958	2,363	2,297	2½	421	2,877	3,068	Nil
Avon India Rubber	Oct. 2	14,397	96,953	111,350	15,000	15,584	7	66,150	14,616	45,669	Nil
Barton Transport	Sept. 30	3,328	66,245	69,573	8,400	10,000	20	46,603	4,570	45,426	20
Blackpool Tower	Oct. 31	54,294	128,403	182,697	1,800	69,609	22½	55,000	56,288	(a)	(a)
Blackpool Winter Gardens	Oct. 31	5,385	46,832	52,217	...	17,719	22½	25,000	9,498	(a)	(a)
Bristol Industries	Oct. 31	8,023	38,906	46,929	6,844	17,000	10	17,063	6,022	36,819	10
British Benzol, etc.	Oct. 31	...	54,265	54,265	...	11,719	12½	30,000	12,546	18,785	Nil
British Vacuum Cleaner	Sept. 30	12,154	73,587	85,741	8,250	40,000	40	29,041	8,450	43,784	40
Captl. and Cty. Laundries	Sept. 30	4,815	14,027	18,842	6,955	3,000	10	1,000	7,887	11,318	10
Constable, Hart and Co.	Sept. 30	2,872	16,865	19,737	...	...	...	10,000	9,737	Dr. 54,076	Nil
General Cable Mfg.	Sept. 30	1,248	22,402	23,650	4,500	9,750	13	8,000	1,400	19,074	10
Holroyd (John) and Co.	Sept. 30	4,827	34,719	39,546	...	18,750	20	12,714	8,082	29,226	15
Idris, Ltd.	Oct. 31	11,201	17,121	28,322	7,300	7,700	10	2,000	11,322	14,348	10
Ilford, Ltd.	Oct. 31	21,462	135,175	156,637	38,900	45,936	8	50,000	21,801	108,630	7
India Rubber Gutta Percha	Sept. 30	16,127	87,121	103,248	25,750	9,000	9	32,996	35,502	95,547	9
Manbre and Garton	Sept. 30	213,991	375,193	589,184	35,000	172,001	15	37,000	230,516	340,030	14
Milton Proprietary	Sept. 30	81,050	46,736	127,786	5,192	24,219	25	6,000	92,375	47,564	25
Mitchell Colts and Company	June 30	18,059	35,259	53,318	6,239	15,000	10	...	32,079	28,879	9
Radcliffe's Edible Products	Oct. 31	272	11,204	11,476	4,851	3,586	60	2,000	1,039	4,575	50
Sussex Brick	Sept. 30	8,193	67,345	75,538	16,200	30,375	15	20,500	8,463	70,080	18
United Molasses	Sept. 30	49,480	603,141	652,621	56,719	309,267	21½	237,000	49,635	482,464	14
Waterlow and Sons	Sept. 30	32,515	213,225	245,740	56,700	43,125	6½	107,136	38,779	185,397	5

† Free of income tax. (a) No comparative figures. (c) 15 months. (v) February 13, 1936, to September 30, 1937.
 (p) Distributed on a deferred share capital of £150,000. (w) Amount paid on £150,000 deferred share capital was £103,200.
 (r) September 21, 1936, to June 30, 1937.

SHORTER COMPANY COMMENTS

COMPANY RESULTS OF THE WEEK.—Favourable prices have enabled NEW ZEALAND LOAN AND MERCANTILE AGENCY to return to ordinary dividends with a payment of 2½ per cent. on the new capital. The report includes a *pro forma* balance sheet showing the effect of the reconstruction scheme. Better prices for wool have similarly assisted the SCOTTISH AUSTRALIAN COMPANY, whose profits of £74,923 are nearly three times the former figure, but as prices have fallen since the end of the financial period, the dividend distribution is conservative. AUSTRALIAN PASTORAL COMPANY also have substantially increased profits, from £47,244 to £73,531. R. A. LISTER AND COMPANY are maintaining their 16 per cent. dividend, though profits of £122,286 are £18,500 higher. RALEIGH CYCLE HOLDINGS net earnings are £278,646, against £262,223, though the operating company's net profits fell from £473,482 to £451,087. The decrease is, however, entirely attributable to special profits in 1935-36, and special charges in 1936-37, and trading profits rose from £514,125 to £527,225. Owing to higher costs, bicycle prices were advanced last May when 72 per cent. of the year's output had already been sold, and a further increase has since taken place. Both larger sales and higher prices for crude oil have enabled ANGLO-ECUADORIAN and OILFIELDS to earn £300,457, against £168,520, in spite of increased wages, royalties and other expenses. A satisfactory rate of improvement in profits is shown by LONDON SCOTTISH AMERICAN TRUST, whose net earnings of £75,664 compare with £67,776, and whose dividend is raised from 7 to 8 per cent. A similar increase in dividend is made by NORTH AMERICAN TRUST COMPANY, who are paying 15 per cent. Besides benefiting from generally improved conditions in the Argentine, AGAR CROSS AND COMPANY have been able to take credit for £84,673 over-provided for interest in previous years, a note issue having permitted some repayment of old debts. ILFORD, LTD., who during the latest period acquired an interest in Dufay-Chromex, Ltd., by an exchange of shares, have earned £26,500 more at £135,175. A decline from £95,547 to £87,121 in INDIA RUBBER, GUTTA PERCHA AND TELEGRAPH WORKS COMPANY is attributable to the effect on trading profit of exceptional expenses in connection with the transfer to new buildings. Moderate progress is indicated by the rise in MANBRE AND GARTON net profits from £340,030 to £375,193. SUSSEX BRICK COMPANY are paying 3 per cent. less, at 15 per cent., but they report a rise in consolidated trading profit. Having earned £213,225, against £185,397, WATERLOW AND SONS are increasing their distribution from 5 to 6½ per cent.

BANKS

B. W. BLYDENSTEIN AND COMPANY.—The following shows the leading balance-sheet items:—

	Sept. 30, 1936	Sept. 30, 1937
Loans against securities	740,000	1,446,600
Deposits, etc., including profit and loss account	2,817,078	1,148,791
Cash	958,624	56,387
Balances with bankers abroad	155,135	83,555
Money at call against securities	1,020,000	50,000
Bills receivable	621,896	2,019,527
Investments	475,368	298,132
Advances to brokers against securities	300,883	86,289
Debtors	102,680	80,389
Balance-sheet total	3,660,098	2,698,854

ITALO-BELGIAN BANK.—Net profit for year ended June 30, 1937, was Frs. 12,001,121 compared with Frs. 10,029,799. The dividend of 10 per cent. per annum net of Belgian tax absorbing Frs. 10,000,000 compares with 8 per cent. Directors' fees, Frs. 853,369 against Frs. 603,936. Provision for taxes, Frs. 1,100,000. Balance forward, Frs. 1,663,818, against Frs. 1,616,067.

RAILWAYS

GREAT WESTERN OF BRAZIL RAILWAY COMPANY.—It is announced in connection with a proposed moratorium on the 4 per cent. debentures that a question has been raised as to the relative priority of the 6 per cent. permanent debenture stock and the 4 per cent. debentures to bearer. It is doubtful whether in strict law the 6 per cent. permanent debenture stock has the priority which has in good faith been assumed, and further consideration is immediately being given to the situation with a view to formulating proposals to deal with it. Further announcements may be expected in the near future.

ASSURANCE

THE STANDARD LIFE ASSURANCE COMPANY.—A bonus has been declared at the rate of 42s. per cent. for the eleventh year in succession. The new business figures for year to November 15, 1937, were published in *The Economist* of November 27, 1937, page 451.

MISCELLANEOUS

ALBION DROP FORGINGS COMPANY.—Net profit for year ended September 30, 1937, amounted to £19,530. Ordinary dividend 17½ per cent. for the year. Carry forward £4,540. Total assets £159,036.

ANGLO-ECUADORIAN OILFIELDS.—Total income, year to June 30, 1937, £433,559, compared with £294,144. Ordinary dividend raised from 10 to 15 per cent. Carry forward raised from £55,783 to £68,314. Written off: equipment, etc., £125,048, against £117,688; development, £50,000 against £25,000; to extra depreciation, £8,000 against £15,000. Production rose by 35,672 tons to 255,778 tons.

BARTON TRANSPORT COMPANY.—Gross revenue, year ended September 30, 1937, £229,208, comparing with £204,501. Net profit £36,643 against £29,863. Deferred dividend 20 per cent. as before. To reserves: Taxation, £7,000; general, £10,000 (against £8,080). Carry forward increased from £4,416 to £4,570.

PROFIT AND LOSS ACCOUNT for the Year ended 30th June, 1937.		
Dr.		Cr.
	Frs.	Frs.
Dividend at the rate of 10 per cent. per annum net of Belgian tax	10,000,000-00	
Directors' Fees	853,369-40	
Provisions for Taxes	1,100,000-00	
Balance forward	1,663,818-95	
	Frs. 13,617,188-35	
		Frs.
	Brought forward from the Business Year 1935-1936	1,816,066-65
	Net profit for the year	12,001,121-64
		Frs. 13,617,188-35

Sales of tin on the London Metal Exchange: 455 tons on Monday, against 325 tons last week; 280 tons on Tuesday, against 260 tons last week; 115 tons on Wednesday, against 400 tons last week. The New York quotation on Wednesday was 43.75 cents per lb., against 43.12½ cents a week ago and 44.62½ cents a month ago. Wednesday's official closing quotation in London for standard cash was £194 15s. to £195 5s. per ton, compared with £191 15s. to £192 a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 2,062 tons, a decrease of 168 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted on Wednesday at £100 per ton, and rolling billets at £102 per ton. Nickel, for home and export, was maintained at £180 to £185 per ton. Quicksilver, on the spot, was £13 to £13 0s. 6d. per flask of 76 lbs., the same as last week. Chinese antimony was quoted at £68 to £69 per ton, ex warehouse, as against £70 last week. Chinese wolfram for "December-January" shipment was quoted at 77s. 6d. to 82s. 6d. per unit c.i.f., as against 65s. to 70s. last week. Refined platinum was quoted on Wednesday at £7 12s. 6d. per ounce, compared with £8 5s. a week earlier.

TEXTILES

COTTON.—Manchester.—There has been very little change in the amount of business passing in the market. Some sellers have reported a slightly improved inquiry and here and there a few more transactions have been arranged, but the trade done has given no satisfaction to producers. Only minor fluctuations have occurred in raw cotton rates. The revised crop estimate of the American Government of 18,746,000 bales was about equal to expectations, and has not caused any change in prices. No decision has yet been reached with regard to crop control in the United States for next season. A considerable amount of material is going into the loan, the total up to date being 3,078,000 bales. Reports have been received of further mill curtailment in America where consumption of raw cotton will be appreciably smaller than last season.

No relief has been experienced by spinners and sales have aggregated less than half the production. In the American section producers of ring beams have pressed for delivery instructions against old contracts. More curtailment of output is taking place in ring mills. In the Egyptian branch home demand has continued poor, but more contracts for Germany have been arranged. The general inquiry in piece-goods has been of fair extent, and in one or two directions there have been indications of certain buyers being in greater need of supplies, but no particular expansion in the turn-over can be recorded. In order to prevent the stoppage of looms, some manufacturers are now willing to accept prices which are very little above cost. Merchant shippers, however, hesitate to commit themselves owing to what they consider to be excessive margins for spinners. News from India has not been encouraging and competition from the home mills against Lancashire goods is very severe. Further reports have been received of keen competition from Italy in Egypt and the Near East. Business for West Africa has been almost at a standstill and demand for South America has fallen. Home trade purchases have been restricted.

COTTON PRICES

	1937				Corresponding Date	
	Nov. 17	Nov. 24	Dec. 1	Dec. 8	1935	1936
Raw Cotton—Mid. American	d. 4-88	d. 4-64	d. 4-65	d. 4-64	6-57	6-84
" Sakellaria Fully Good Fair	d. 4-88	d. 4-64	d. 4-65	d. 4-64	6-57	6-84
" Egyptian	9-17	8-19	8-12	8-13	9-82	10-49
" Giza Fully Good Fair Egyptian per lb.	7-14	7-18	7-09	7-10	11	11
Yarns—32's twist	11½	11½	11½	11½	10½	11½
" 40's twist	10½	10½	10½	10½	11	11½
" 60's twist (Egyptian)	17½	17½	17½	17½	16½	17½
32-in. Printers, 116 yds., 16 by 16, 32's and 50's	s. d. 18 6	s. d. 18 4	s. d. 18 4	s. d. 18 4	s. d. 18 11	s. d. 19 0
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	25 0	24 10	24 10	24 10	25 12	26 8
38-in. ditto, 38 yds., 18 by 18, 10 lb.	10 8	10 7	10 7	10 7	10 6	10 6½
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.	9 8	9 7	9 7	9 7	9 8	9 6½

WOOL.—Bradford.—The final series of Colonial sales for the year has come to an end. The change in the wool market since last summer is reflected by the decline of 20 to 30 per cent. in the prices of both merinos

and crossbreds. The quantities taken by the different traders at each series during the year are as follows:—

Series	Home Trade	Continent	America	Total	Carried Forward
1st	Bales 47,000	Bales 45,500	Bales 2,000	Bales 94,500	Bales 11,500
2nd	40,500	32,000	...	72,500	6,500
3rd	29,500	26,000	...	55,500	13,000
4th	37,500	24,500	...	62,000	22,000
5th	29,500	18,000	1,000	48,500	42,000
6th	29,500	27,500	...	57,000	60,500
Totals	213,500	173,500	3,000	387,000	155,500

The heavy carry-forward after the last series is due to the fact that 48,000 bales were not offered.

Since the close of the series there has been considerable improvement in overseas markets. There has also been a welcome improvement in the tone and spirit of the trade here, largely due to an important covering movement ten to twelve days ago. A return of confidence has called forth considerable purchases of tops and yarns in consuming centres, particularly in the West Riding of Yorkshire, where considerable weights of merino tops were sold at practically the lowest point of the market. No doubt thousands of packs were sold as low as 28d. per lb. for average 64's tops, and a penny more for warp 64's. The sales effected have materially changed the outlook, and given a welcome fillip to trade in general. At the same time many mills are not running full time or enjoying the same measure of activity as earlier in the year. There is ample room for the placing of new piece business, the improvement at the top end of the trade being largely due to the considerable purchases made on hosiery account. Wholesale fabric buyers are not fully convinced that prices have reached bottom, and are not yet buying freely for the spring.

GRAIN MARKETS

WHEAT.—While Manitoba wheat is rather dearer than it was a week ago, other grades are about unaltered. Reports of unfavourable harvesting weather and low commercial estimates of the new crop Plate surplus have contributed to the steadiness of the market. Broomhall now estimates the aggregate surplus of Australia and Argentina for 1938 at 25.5 million quarters, against 30.5 millions a year ago.

On Wednesday last, "December" futures were quoted in Chicago at 97½ cents per bushel, against 92½ cents the week before and 89½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba (Atlantic), ex ship, 58s. per 496 lbs., against 54s. 9d. last week; No. 2 Northern Manitoba (Atlantic), ex ship, 54s. 3d., against 52s. 9d. last week. According to the *Corn Trade News*, total shipments of wheat and flour last week amounted to 1,541,000 quarters, against 1,444,000 quarters in the previous week and 1,529,000 quarters in the corresponding week a year ago.

FLOUR.—Prices remain unaltered. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 38s. per 280 lbs., as against 38s. a week ago; delivered inner London, 37s. 6d., as against 37s. 6d. a week ago. Manitoba patents, ex store, 37s. 6d. to 39s., as against 36s. 6d. to 38s. a week ago. Australian, ex store, 30s. 6d. to 31s. 6d., as against 30s. 6d. to 31s. a week ago.

BARLEY.—Imported feeding barley is quietly steady. "December" futures were quoted at 58½ cents per bushel in Winnipeg on Wednesday, as against 56½ cents last week. Quotations for 448 lbs. in London on Wednesday were: "English feed," at farm, not quoted; "English malting," at 45s. to 58s., as against 45s. to 58s. a week ago; Californian, ex ship, 45s. to 48s., as against 45s. to 48s. a week ago.

OATS.—On Wednesday, "December" futures were quoted at 31½ cents per bushel in Chicago, against 30½ cents a week ago and 30½ cents last month. Quotations in London, Wednesday: "English Black," at farm, 26s. 6d. to 27s. 6d. per 336 lbs., as against 26s. 6d. to 27s. last week; "English White," at farm, 26s. 6d. to 27s. 6d., as against 26s. 6d. to 27s. a week ago; mixed Canadian feed (Vancouver), landed, 25s. per 320 lbs., as against 24s. 9d. a week ago.

MAIZE.—Plate maize is firmly held and the market has shown an advance this week. "December" futures were quoted on Wednesday at 54½ cents per bushel in Chicago, against 52½ cents a week ago, and 56 cents last month. Quotations in London, Wednesday: "Plate" landed, 30s. 9d. per 480 lbs., as against 29s. 9d. a week ago; "Plate" landed, 30s. 9d., as against 28s. 9d. a week ago; "Plate," ex ship, 28s. 9d., as against 28s. a week ago; yellow maize meal, ex wharf, was quoted at £7 17s. 6d. per ton, as against £7 12s. 6d. to £7 15s. last week.

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

NEAREST FUTURE	Jan. 2, 1935	Dec. 31, 1935	Dec. 9, 1936	Dec. 30, 1936	Dec. 1, 1937	Dec. 8, 1937
Winnipeg (No. 1, Manitoba)	82½	84½	114½	120	114½	119½
Chicago (No. 2, Winter)	98½	101½	128	135½	92½	97½

The visible supply of wheat in Canada amounts to 61,696,000 bushels, against 68,099,000 bushels last week and 65,887,000 bushels in the corresponding week last year.

SALES AND PRICES OF BRITISH CEREALS.—The following table gives the estimated sale of home-grown wheat during the harvest years 1934-35 to 1937-38.

	1934-35	1935-36	1936-37	1937-38
Estimated sales of home-grown wheat—				
1 week to December 4	Cwts. 331,556	Cwts. 318,377	Cwts. 296,075	Cwts. 286,985
13 weeks to December 4	6,096,599	6,194,867	4,951,654	5,063,424
Average price of English wheat per cwt.	s. d. 4 11	s. d. 5 8	s. d. 5 5	s. d. 5 9

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

Week ended	Quantities Sold			Average Price per Cwt.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
	Cwts.	Cwts.	Cwts.	s. d.	s. d.	s. d.
December 2, 1933	247,045	420,569	43,502	4 7	9 1	5 4
December 1, 1934	331,556	363,718	54,291	4 11	8 10	6 9
December 7, 1935	318,377	367,864	52,421	5 8	8 3	5 11
December 5, 1936	298,075	411,641	52,848	8 5	9 5	6 10
November 27, 1937 ..	283,015	371,029	42,293	8 10	12 10	8 5
December 4, 1937 ..	286,985	399,771	43,700	8 9	13 1	8 6

The visible supply of wheat in Canada amounts to 61,696,000 bushels, against 68,099,000 bushels last week and 65,887,000 bushels in the corresponding week last year.

OTHER FOODS

BACON.—Following a rise of prices at the end of last week, the market has continued firm. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 97s.; Canadian, 89s.; Danish, 95s.; against 97s., 85s. and 92s. last week. Arrivals in London last week included: Danish, 14,263 bales; Canadian, 6,709; Dutch, 2,585; Lithuanian, 1,725; and Polish, 3,029; as against 13,299, 7,095, 2,388, 1,497 and 2,715 bales, respectively, in the previous week.

BUTTER.—Colonial grades of butter were quiet and easier, but Danish was rather higher in price. Quotations (per cwt.) on the London Provision Exchange on Monday were: New Zealand, finest salted, 111s.; Australian, choicest salted, 109s.; Danish, 152s.; compared with 116s., 114s. and 150s., respectively, a week ago.

CHEESE.—English was steady, with other kinds quiet. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English Cheddars, finest farmers, 94s. to 96s.; Canadian, finest follows: English Cheddars, 72s. to 74s.; and New Zealand, finest coloured, 66s.; against 94s. to 96s., 72s. to 74s., and 68s., respectively, a week ago.

COCOA.—Cocoa was a fairly steady market this week. The spot quotation in New York on Wednesday was 5½ cents per lb., as against 5½ cents per lb. last week. In London, on Wednesday last, good fermented 5½ cents per lb. last week. "December-February" was quoted at 26s. 3d. sellers new crop, Accra, c.i.f. Continent, against 26s. a week ago. Last week's movement of 50 kilos, c.i.f. Continent, was as follows: Landed, 10,701 bags; ments of cocoa in London were as follows: Landed, 10,701 bags; delivered for home consumption, 10,250 bags; exported, 728 bags; stocks, 141,248 bags, against 98,066 bags a year ago.

COFFEE.—The London spot market was quiet, while New York prices were unaltered. On Wednesday, Rio No. 7 (cash) was 6½ cents per lb. Move in New York, as compared with 6½ last week and 7½ a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 228 cwt.; delivered for home consumption, 91 cwt.; exports, nil; stocks, 2,024 cwt., against 2,217 a year ago. Central and other South American: Landed, 1,216 cwt.; delivered, 65,418 cwt., against 53,423 cwt. last year. Other kinds: Landed, 3,079 cwt.; stocks, 59,962 cwt., against 89,742 last year.

EGGS.—The market has been seasonally easier, especially for English and Irish eggs. At Smithfield, on Wednesday, English (ordinary packing, Grade 1, about 15-15½ lb.) realised 21s. 6d. to 22s. per 120, against 23s. to 24s. last week; while Danish (15½ lb.) made 16s. to 16s. 6d., as against 15s. 9d. to 16s. 3d. last week.

FRUIT.—Business at Covent Garden showed some improvement during the past week, says *The Fruitgrower*. Fine bright weather would result in a further improvement in trade. There was a steady inquiry for apples, with prices showing little alteration. Pears also continued to be well demanded. Business in nuts was more active and there were larger arrivals of pineapples from the Azores. Quite a number of the usual special lines for the Christmas trade have now become available. Grapefruit was plentiful and cheap, while lemons were easier. Oranges were in good supply and were lower in price.

MEAT.—At Smithfield Market on Wednesday last, Argentine chilled hindquarters were quoted at 4s. to 4s. 6d. per 8 lb., as compared with 4s. 1d. to 4s. 6d. a week ago. New Zealand frozen mutton was 2s. 8d. to 4s. 4d. per 8 lb., as against 2s. 8d. to 3s. 10d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 9,126 tons, an increase of 4,908 tons, mutton and lamb 2,303, and pork 3,203, as compared with 4,071, 2,432 and 1,182 tons, respectively, in the same week of 1936.

PEPPER.—On Wednesday, white Muntok, "January-March," was quoted at 3½d. per lb. sellers, c.i.f. Rotterdam-Hamburg, against 3½d. per lb. a week earlier. Black Lampung, spot, in bond, was not quoted, per lb. last week. Movements of pepper in London last week were as follows: Black, landed, 12 tons; delivered, 19 tons; stocks, 1,964, against 1,827 last year. White, landed, 29 tons; delivered, 32 tons; stocks, 11,149 tons, compared with 11,840 tons a year ago.

RICE.—The spot price of Burma No. 2 cleaned was 11s. 3d. per cwt. ex warehouse, on Wednesday, as compared with 11s. 3d. per cwt. a week ago. "January-February" (new), in singles to Continent and U.K., was quoted at 8s. 10½d. per cwt., against 9s. last week. Movements in London last week were as follows: Landed, 142 tons; delivered, 81 tons; stocks, 1,032 tons, against 1,738 tons a year ago.

SUGAR.—The markets in raw sugar have been quiet and easier. The New York spot quotation was 3.28 cents on Wednesday, as compared with 3.30 cents per lb. last week and 3.25 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "December" delivery at 5s. 11½d. to 6s., against 6s. 1d. to 6s. 2½d. a week ago. Movements of

raw sugar in public warehouses in London and Liverpool last week were as follows: Imports, 17,466 tons, against 39,005 in the previous week and 24,851 in the same week of 1936; deliveries, 16,481 tons, against 15,286 and 14,977 tons, respectively; stocks, 220,263 tons, against 219,278 and 156,000 tons, respectively.

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

Week ended	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
	d.	d.	d.	d.	d.	d.	d.
Dec. 3, 1936	12-67	12-44	14-50	11-61	10-24	11-61	13-03
Nov. 11, 1937	15-05	15-00	16-00	14-09	12-86	14-14	15-21
" 18, "	14-68	14-84	15-65	13-48	12-35	14-08	14-87
" 25, "	14-36	14-61	15-31	13-45	12-23	13-87	14-54
Dec. 2, "	14-02	14-33	14-89	12-51	11-59	13-35	14-16

The quantities sold at this week's auctions at Plantation House included 57,780 packages of Indian and 22,411 packages of Ceylon tea. Prices for ordinary and medium grades of Indian tea were lower, but business was active at this level. Ceylon teas were irregular and generally a shade easier.

VEGETABLES.—With the colder weather, demand for most lines of kitchen vegetables showed an improvement at Covent Garden this week, says *The Fruitgrower*. Cabbage, cauliflower and sprouts sold well, but savoy was a slow item. House-grown beans met a good inquiry and celery was a steady trade. Lettuce, however, was slow and mushrooms were easier. Meanwhile, business in potatoes at London markets has been active and in some cases prices have advanced. At the Borough Market on Tuesday, for example, best sitland King Edward were quoted at 6s. 6d. to 7s. per cwt., against 6s. to 7s. a week earlier.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OLSEEDS.—Trading conditions are about unchanged except that a rather steadier tone is making itself felt. Crushers' demands for linseed are confined to covering immediate requirements, there being little inducement to enter into forward contracts until the outlook in Argentina is clear. Everything points to the new crop progressing favourably and soon the possibility of damage from frost or heavy rain will have passed. Harvesting is now general in the northern districts and a continuance of good weather will assist to a substantial yield. It cannot be known until the official report is issued some time next week how much of the area under linseed has been abandoned or the possible area that will come under the reaper. Market expectations are that the official estimate of aggregate yield will be around one-and-three-quarter million tons, compared with a production of 1,936,000 tons (revised figures) in the season now ended. Very little old Plate seed remains for shipment, but the new seed will soon be reaching the seaboard. The quantity now afloat for Europe is 115,800 tons (including 9,300 tons from India), and for the United States 55,800 tons. Despite lower freight rates linseed prices are well maintained in a firm market, and £12 or rather more is indicated as the price of new crop, January-February loading. Indian shipments are again very small.

Cottonseed remains under the shadow of the record cotton crop in the United States and low prices rule with only a moderate trade. Linseed oil is in better demand and has advanced in sympathy with seed and is 17s. 6d. to 20s. per ton above the lowest touched late in November. Cotton oil is quiet and unchanged.

RUBBER.—The spurt of prices following last week's decision to cut the quota to 70 per cent. of standard for the first quarter of 1938 was short-lived. An easier tone has since become apparent and prices show a general decline on the week. Trade buying has been small, but a certain amount of bear covering has helped the market.

The spot price in New York on Wednesday was 15½ cents per lb., compared with 14½ cents per lb. a week ago and 14½ cents a month ago. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 7½d. per lb., as against 7½d. on the corresponding day last week. In forward positions business has been done at 7½d. for "January" shipment, as against 7½d. to 7½d. Stocks in London and Liverpool at the end of last week totalled 55,584 tons, against 54,787 tons a week earlier. A year ago stocks amounted to 85,285 tons.

THE FINANCIAL NEWS INDUSTRIAL SHARE INDEX

1929-1937 RECORD

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BOVRIL
A HOT TIP
FOR
INVESTORS
WITH
COLD FEET

WHOLESALE COMMODITY PRICES

UNITED KINGDOM: LONDON, December 8th

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

CEREALS AND MEAT				POTATOES—				WOOL—				INDIGO—							
GRAIN, Etc.—				King Edward (per cwt.)				English Southdown, greasy, per lb.				Cape							
Wheat—				Other English				Lincoln hog, washed				Dry and Dressed Cape							
No. 2, N. Man. 496 lb.				SPICES—				Queensland, sd. super cmbg.				Market Hides, Manch't							
Eng. Gaz. av., per cwt.				Pepper, per lb.—				N.S.W. greasy, super cmbg.				Best heavy ox and heifer							
Barley, Eng. Gaz. av.				Black Lampong				N.Z., gray, half-bred 50-56				Best cow							
Oats				White Muntok				Crossbred 40-44				Best calf							
Maize, La Plata, landed				Cinnamon—1st sort, per lb.				Tops—				INDIGO—							
480 lb.				Cloves—Zanzibar, per lb.				Merinos 70's average				Bengal, gd. red.-vio. to							
Flour, Lon. stan. ex mill,				Ginger—per cwt.—				" 64's "				fine							
280 lb.				Mace				Crossbred 48's				" 46's "							
Rice No. 2 Burma, per cwt.				Nutmegs, 85's				MINERALS				LEATHER—							
MEAT—				SUGAR—				COAL—				Sole Bends 8/4 lb.—							
Beef, per 8 lbs.—				(Duty, 11/8 per cwt.)				Welsh, best Ad'ty. ton				per lb.							
English long sides				Centrifugals, 96°, prpt.				Durham, best gas, f.o.b.				Best Tanned Sole							
Argentine chilled hinds				Shipm., c.i.f. U.K./Cont.				Tynes				Shorn, 5m DS Hides							
Mutton, per 8 lbs.—				B.W.I., crystallised				Sheffield, best house, at				Do. Eng. or WS do.							
English wethers				Java, white, c. & f. India				pits				Bellica from WS do.							
N.Z. frozen				Oct.-Dec.				IRON AND STEEL—				Do. Eng. or WS do.							
Lamb, per 8 lbs.—				Rising—London—				Pig, Cleveland No. 3, d/d.				Dressing Hides							
N.Z. frozen				Yellow Crystals				Bars, M'brough				Ro. Eng. Calif. 20/30 lb.							
Pork, English, per 8 lbs.				Cubes				Steel rails, heavy				Aust. Bende Avg. 7/10 lb.							
OTHER FOODS				Crushed				Tin plates				VEGETABLE OILS—							
BACON—				Granulated				METALS—				Lined, naked, p. ton net							
English, per cwt.				Home Grown				Copper, Electrolytic, ton				Rape, refined							
Irish				TEA—	India—per lb.—	Pekoe	1 0 1 1 1 1	Sheets (Strong)				Cotton-seed, crude							
Danish								Standard				Coconut, crude							
Dutch								Lead, Eng. pig, per ton				Palm							
HAMS—								Soft foreign				Oil Cakes—Lined, Eng.							
Canadian								Spelter G.O.B.				per ton							
United States								Tin—English ingots				Oil Seeds—Lined							
BUTTER—								Standard cash				La Plata, p. ton, Nov.							
Australian								MISCELLANEOUS				Calcutta, p. ton							
New Zealand								CHEMICALS—				Turpentine, per cwt.							
Danish								Acid, citric, per lb., less 5%				PETROLEUM PRODUCTS—							
CHEESE—								Nitric				Motor Spirit, No. 1,							
Canadian, per cwt.								Ostale, net				London							
New Zealand								Tartaric English, less 5%				Petroleum, Amer. rld.							
English Cheddars								Alcohol, Plain Ethyl				brl./London, per gall.							
Dutch								Alum, lump				Fuel oil, in bulk, for							
COCOA—								Ammonia, carb.				contract, ex instal.							
(Duty, British grown,								Sulphate				Thames—							
11/8; foreign, 14/- cwt.)								Bleaching powder, per ton				Furnace, per gall.							
Acacia, i.f. per cwt.								Borax, gran.				Diesel, per gall.							
Trinidad								Do., powder				ROBIN—							
Guatemala								Nitrate of soda				American, per ton							
COFFEE—								Potash—Chlorate, net				per ton							
(Duty, British grown,								Sulphate				RUBBER—							
4/8; foreign, 14/- cwt.)								Soda Bicarb.				St. ribbed smoked sheet							
Santos sup. c. & f. cwt.								Crystals				per lb.							
Colombian, good								Sulphate of Copper, per ton				Fine hard Para per lb.							
Costa Rica, med. to good								CEMENT, best Eng. Portland, d/d, site,				SHELLAC—							
East Indian								London area, jute sacks, 11 to ton				TN Orange, per cwt.							
Kenya, medium								(charged and credited at 1/6d. each)				SHBLS—							
EGGS—								or paper bags 20 to ton (free, non-return-				W. Aust. M.-O.-P.							
English, per 120								able)				f a. d. f a. d.							
Danish								4-ton loads and upwards 8s/- per ton				8 10 11 0							
FRUIT—Oranges—								1 and up to 4-ton loads 41/- per ton				TALLOW—							
S. African, boxes								COPRA—				London town, per cwt.							
Brazilian, boxes								S.D. Straits c.i.f., per ton				TIMBER—							
Lemons, Malaga, cases								DRUGS—				Swedish u/s x 8 ... per std.							
Sicilian, boxes								Camphor				" 2 x 7 ...							
Apples: Amer. (var.) bris.								Japan, refined, per lb.				" 2 x 4 ...							
" (var.) boxes								Ipecacuanha, per lb.				Can'dn Spruce, Dia.							
" Australian								HIDES—				Pitchpine							
Onions—								Wet salted—Australian				Rio Deals							
Valencia, case								per lb.				per std.							
Egyptian, bags								West Indian				Teak							
Grapes, Almeria, barrels								TIMBER—				Honduras Mahg. logs							
Grapefruit, Brazilian								Swedish u/s x 8 ... per std.				c. ft.							
" S. African								" 2 x 7 ...				" 0 6 0							
LARD—								" 2 x 4 ...				Amer. Oak Boards							
Irish, finest bladders								Can'dn Spruce, Dia.				" Ash							
U.S.								Pitchpine				" 0 6 0							
U.S.								Rio Deals				English Oak Planks							
U.S.								Teak				" Ash							
U.S.								Honduras Mahg. logs				" 0 7 0							
U.S.								African				" 0 6 0							
U.S.								Amer. Oak Boards				" 0 6 0							
U.S.								" Ash				" 0 6 0							
U.S.								English Oak Planks				" 0 7 0							
U.S.								" Ash				" 0 7 0							

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

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

UNITED STATES

New York quotations unless otherwise stated

	Dec. 9, 1936	Nov. 10, 1937	Dec. 1, 1937	Dec. 8, 1937		Dec. 9, 1936	Nov. 10, 1937	Dec. 1, 1937	Dec. 8, 1937
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	128	89½	92½	97½	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	3-85	3-25	3-30	3-28
Maize, nearest future, Chicago, per bushel	109½	56	52½	54½	Cotton, middling, spot, per lb.	12-84	8-01	8-00	8-08
Oats, nearest future, Chicago, per bushel	49½	30½	30½	31½	Rubber, smoked sheet, spot, per lb.	19	14½	14½	15½
Rye, nearest future, Chicago, per bushel	101½	71½	66	68½	Petroleum, Mid-continent crude 33 deg., to 33-90, at well, per barrel	104	116	116	116
Barley, nearest future, Chicago, per bushel	89½	(a)	(a)	(a)	Copper, "Electrolytic," Domestic, spot, per lb.	10-52½	9-95	9-97½	10-02½
Coffee, Rio No. 7, cash, per lb.	8½	7½	6½	6½	Copper, "Electrolytic," Export prompt, per lb.	10-75	10-17½	10-20	10-35
" Santos No. 4, cash per lb.	11½	9½	8½	8½	Spelter, East St. Louis, spot, per lb.	5-05	5-75	5-25	5-00
Cocoa, Accra, nearest future, per lb.	10-80	5-93	5-46	5-54	Lead, spot, per lb.	5-20	5-00	5-00	5-00
					Tin, "Straits," spot, per lb.	52-25	44-62½	43-12½	43-75

(a) Nominal

THE ECONOMIST

Vol. CXXIX

DECEMBER 18, 1937

No. 4921

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declared objectives of Mr CORDELL HULL's trade agreement policy." It could be pointed out, if there were any reason to believe in the truth of this very grave but unsubstantiated allegation, that the mere maintenance of present tariffs would not suffice to stop dumping where price is no object. Presumably, therefore, the F.B.I. desire the imposition of quotas on American imports, as their contribution to a "firm and lasting" understanding. The statement proceeds to repeat the hoary fallacy that the United States "continues to demand gold instead of goods to pay for her exports." Actually, taking visible and invisible trade together, America buys more than she sells, and her continued imports of gold are wholly due to the stampede of foreign capital to New York, which the American authorities have done what they can to discourage. Nor is it true in more than the narrowest and most misleading sense that the United States "sells to us $2\frac{1}{2}$ to 3 times more than she buys from us," since such a statement ignores the very large "invisible" purchases that the United States makes from this country.

The general conclusion of the F.B.I.'s statement is that the only acceptable agreement would be one which lowered American tariffs while not restricting in any way the freedom of the British Government to raise British tariffs. In short, the representative organ of British industry vetoes a reciprocal agreement.

It is impossible to blame the F.B.I. for this very frank statement of their views. We have pointed out some of their mistakes of fact; but their logic is impeccable. The Import Duties Act of 1932 declared Protection to be the policy of Great Britain. Moreover, it was protection of a particular sort, with each industry invited to apply to the Import Duties Advisory Committee for its own individual made-to-measure protective duty. Now it is possible to argue with consistency (though not necessarily with correctness) that British industry as a whole requires the protection of a duty of ten per cent., or some other flat rate, and still to maintain that scope is left for a flourishing import and export trade. But once industries

are treated individually, any such moderation becomes impossible. For what possible principle can the Advisory Committee then take as their guide except the so-called "scientific principle," which would accord to each industry precisely the degree of protection necessary to enable it to outface the competition of foreign imports? How could the Advisory Committee, instructed to consider each industry separately, possibly justify a rate of duty which, however high it might be, was nevertheless not high enough to keep in existence an established British industry? The fact that the "scientific principle," if universally applied, would cut off all our exports, except for a little coal, is not the concern of the Advisory Committee, of the applicant industries or of the Federation of British Industries. It is all in the logic of protection. Let there be adequate protection *ruat cælum*. If the conclusion of an Anglo-American Trade Agreement involves the reduction of protection and the impairment of profits to any British industry, however small, the Federation of British Industries is quite correct in pointing out that it is contrary to the policy of the Import Duties Act.

The Federation must not, therefore, be abused for their frankness. Nor must they be blamed for so blatantly putting their own interests before those of the community as a whole, for it is the Government that has taught them to be selfish. Rather must the Federation be congratulated for placing the issue so clearly and squarely before the public. It would be impossible to imagine an act of commercial policy for which so many potent reasons of the public interest plead as the projected Anglo-American treaty. The F.B.I., in the interests of its constituent firms, imposes its veto. The successful conclusion of the treaty thus becomes as important for the internal economic democracy of Great Britain as it is for its external relations. By whom are we ruled in economic matters? By the interests of the whole nation, or by those of the protected industries? This is the issue, in its clearest form, that the Federation of British Industries has raised.

Japan Angers America

THE energetic steps that the Japanese are taking in China "for the preservation and consolidation of peace in Eastern Asia" are producing some possibly incidental but certainly incongruous effects upon the lives, happiness and property of a good many other people. In the estimable cause of making the Chinese love Japan, some hundreds of thousands of Chinese have by now been killed, maimed and ruined. But "teaching China reason" is only part of the self-imposed mission of the Japanese. They have also made it their business to teach the Americans and Europeans to look upon Japan as the guardian of law and order in the Far East, and they have not been neglecting this side of their task either. Their first steps in this field were the twice repeated bombing and machine-gunning of British Embassy cars from the air, and this week they have found time to devote a little more of their benevolent attention to the English-speaking peoples.

In the Yangtse River on Sunday, at a point between Nanking and Wuhu, a concentration of British merchant shipping, with two British gunboats in their company, was attacked and bombed three times by Japanese planes; and on the same day the British gunboat "Ladybird," coming to the rescue of a British tug that had been attacked by machine-gun fire, was herself fired upon by Japanese field artillery which caused several casualties, including one death. On the same day similar attacks were made upon American shipping in the same

reach of the river. The United States gunboat "Panay," together with three barges belonging to the Standard Oil Company, was bombed and sunk as a result of a series of attacks from Japanese aeroplanes, which dived low to make sure of hitting their targets. The barges were carrying Chinese refugees; the gunboat was "the floating embassy" of the United States in China, and had on board her at the time several members of the diplomatic staff in addition to her crew. The attack resulted in death and injury to neutrals. For all these outrages, the Japanese Government have promptly made the smooth-spoken apologies, which are now common form. As we go to press, it is reported that the Rear-Admiral in charge of Japanese air operations has been recalled from China, and that a joint conference between THE EMPEROR, the Army and the Navy is to be held in Tokyo.

As far as the latest crop of Japanese outrages has affected British lives and interests, it has been taken up in a diplomatic document, addressed by the British to the Japanese Government, which strikes a new note of severity and peremptoriness. Its tone is in harmony with the temper of the House of Commons on Wednesday, which was the day on which the missive was despatched. With this British reaction we deal separately in our first Note of the Week. Meanwhile, President Roosevelt has been addressing the Japanese Government in similar language; and this conver-

gence between the American and the British Government's attitude and policy is one of the earliest results of Japan's campaign of universal provocation. If the Japanese go on as they have begun, this Anglo-American convergence may prove to be epoch-making. The movement of American opinion is crucial; for in the Pacific the United States is the English-speaking Power that has principally to be reckoned with.

What moral will be drawn, and what action taken, in the United States? For the American Government and people, as well as for ourselves, this "incident" is bound to be a cause of deep heart-searching, because it is a sensational demonstration that the present policy of neutrality is not effective for its purpose. It does not render any of us immune from becoming the victims of "incidents" which may involve us in war, in spite of our desire to remain at peace. What, then, is the moral?

On the one hand, it is being argued by some Americans that the present policy of insulation is not succeeding because it is insufficiently drastic; and that the reply to these Japanese salvos ought to be to withdraw from the Far East bag and baggage—gunboats, merchantmen, traders, missionaries, consuls, ambassadors and all—and to abandon immovable property like America's factories in Shanghai and her dependency in the Philippines. Alternatively, it might be argued that the whole policy of trying to keep out of international trouble by avoiding international obligations is now being confuted by Japanese bullets, bombs and shells; that, however far the Anglo-Saxon nations may retreat, they will never succeed in breaking contact with the aggressor.

Which of these arguments is correct? What are the Americans likely to do? To draw in their horns until there is no one and nothing American left to be bombed anywhere west of the Aleutian Islands and Hawaii? Or to consider how best they can play their part in creating a system of law and order among nations?

Any movement for the establishment of international law and order has, of course, to surmount a traditional stumbling-block which still looms large in the United States, as it does in the rest of the English-speaking countries. We all of us have a horror of foreign entanglements. And this horror—which is still felt in England to-day for entanglements on the Continent anywhere

east of the Rhine—is felt in America for entanglements in Europe as a whole. There is, however, one feature in this "Anglo-Saxon attitude" which has a bearing upon the question of American policy in the Far East. Our inhibitions against foreign entanglements do not apply with equal force to all quarters of the globe. An Englishman who shivers at the thought of being involved on the Eurasian Continent in the basin of the Elbe does not turn a hair at the thought of being much more deeply involved on the same continent in the basins of the Indus and the Euphrates; and the same tacit and almost unconscious distinction can be detected in American minds, too. The entanglements from which an American most shrinks are entanglements beyond the Atlantic, whereas entanglements beyond the Pacific do not upset him nearly so deeply. For the United States, the Pacific and the China seas are what the Mediterranean and the Indian Ocean are for the British Empire. In the Spanish-American War, for instance, at the close of last century, the Americans did not hesitate to occupy the Philippines, though they would never have dreamed of occupying the Canaries or Fernando Po. And in the 'fifties of last century they persistently knocked at the door of Japan when they would never have gone out of their way to arouse, say, Morocco or Abyssinia from their slumbers. In fact, what happens in and across the Pacific is traditionally an American concern, and it is only what happens across the Atlantic that is traditionally not America's business. This distinction in American minds is strong just because it is founded less on logic than on history. It was the dust of Europe, not the dust of Asia, that the ancestors of all living citizens of the United States once upon a time shook from off their feet; and it was against entanglements in Europe, and not against entanglements in Asia, that Washington uttered his historic warning.

Imponderable considerations like these often have a greater effect than any material interest upon public opinion and policy. Will America meekly acquiesce in Japan's aggressive ambition? The sinking of a single gunboat will not determine the answer. But each succeeding Japanese outrage helps to strengthen the growing body of American opinion that holds not even the strongest democracy safe in a world of aggressors.

Health: Good and Bad

THE health of the public is a new issue in national affairs. Hitherto the State has hardly ventured outside the far narrower bounds set by the official connotation of "public health." Within that restricted sphere its concern is not, of course, a new thing. Some forms of ill-health are so obviously more than the individual concern of the sufferer that even the most primitive community must needs take notice of them, even if its action goes no further than the isolation of the patient. Hospitals for the treatment of the sick are one of the oldest forms of public benefaction and even the history of public sanitation—a comparative newcomer—now goes back for many decades. What is new in the last few years is not a fresh array of enactments or of administrative machines but an attitude of mind. Hitherto, when the State said "Public Health," it meant "Public Ill-Health," and nearly all its endeavours were directed towards the avoidance or the cure of specific maladies. Good health was merely what remained when ill-health was removed: a residual and negative thing. But recently the State has been increasingly interesting itself in the positive good health of its citizens. At this moment an official campaign is in progress with the slogan of "Keep Fit"—an exhortation that our grandfathers might have thought an inter-

ference with their freedom to be in as bad condition as they chose.

This new turn to policy, which is converting public health into the health of the people, opens up an entire new field for the State—a field that is unorganised and largely unmapped. We have a Ministry of Health; but it deals with much else besides health, and many health services fall outside its purview. There is no official body designed to survey the whole problem of health or even merely to traverse the uncharted land and to come back and report what it has discovered. But this preliminary, though very necessary, task has now been accomplished—unofficially, but not less thoroughly—by P.E.P.* The ensuing report is the bulkiest yet issued in the invaluable P.E.P. series, but it is also probably the most informative; for it brings within the covers of one volume a variety of matters which are not only largely alien to the informed layman but are also far too large to fall within the range of a single expert.

An attempt, within the limits of a single article, to

* "Report on the British Health Services." Published by P.E.P. (Political and Economic Planning), 16 Queen Anne's Gate, S.W.1. 418 4to pages. 7s. 6d. net, boards; 10s. 6d. net, cloth.

review all, or even the greater part, of the topics covered by the report would degenerate into little more than a catalogue. But, in any case, the greatest merit of the report is not that it is a careful inventory of the health services, so much as that it will serve to stimulate thought on the problem of evolving a conscious and consistent health policy out of the variegated mass of our present expedients.

From this point of view, there are three main hurdles to surmount before the problem can be approached as a whole. First of all there is the administrative question. By what sort of machinery should the State intervene in matters of health? It might almost be sufficient answer to say by any mechanism less chaotic than the present. A comprehensive survey such as the P E P report is needed to bring out the full patchwork of the existing health services. Most of them, it is true, are entrusted to local authorities of some sort, but there is an absence, even a reversal, of logic in the assignment of functions to different authorities. In London, for example, the L.C.C. concerns itself with the hours of work in shops, the provision of seats and the observance of early closing, but the Borough Councils with sanitary conditions in shops. Maternity and child welfare services are separated from the supervision of midwives and the school medical service. Moreover, throughout the country, even when the majority of health services come within the competence of a single body, as with most county borough councils, they are often elaborately divided between a variety of separate committees, many of which are primarily concerned with other matters and only incidentally with health. There is a beginning of co-ordination in the Medical Officer of Health, but in the nature of the case it cannot be more than an embryo. As a result, "a citizen's health may depend on which side of a local government boundary he happens to live at a particular age."

The gaps in the health services are gaps not merely in space, but also in time. Before, at and immediately after birth, the citizen can call on a number of services, whose nature and quality vary with the precise local authority whose area he honours with his arrival. But thereafter, except in a tiny minority of cities, he is lost to the public health services until he comes of school age. By that time he may have acquired a formidable array of defects. In England and Wales as a whole in 1936, 16 per cent. of the children entering public elementary schools were found to have defects requiring treatment, and in areas where the Education Authority has strict ideas about fitness and generous ideas about treatment, the proportion is far higher. From 5 to 14 the child's health is at least partially supervised by the School Medical Service, but on leaving school, he vanishes into another limbo from which he does not emerge until he has not only joined National Health Insurance but become fully eligible for benefit. Dental benefit frequently does not become payable until the age of 20, and even then only if the insured person has joined one of the wealthier approved societies.

National Health Insurance itself is strangely incomplete. The gap between 14 and 16 is being filled by a Bill now before Parliament. But it is illogical and uneconomic that provision should only be made for the breadwinner, leaving his dependants without medical attention except such as they can pay for. Even for the insured breadwinner, the scheme stops short of specialist and consultative services and the provisions for dental and ophthalmic treatment are rudimentary. In addition, there are all the inequalities and wastes that come from the administration of the scheme through hundreds of independent approved societies.

These very brief indications are enough to show the magnitude of the task that faces the health reformer. Co-ordination, in recent years, has come to be a "blessed word" to cover empty aspirations. But it must

perforce be used to describe what chiefly needs to be done to the public health services. If the various segments of the patchwork could be brought into proper relation to each other, the more serious gaps filled, an equal nation-wide standard of administration laid down, and the whole placed both centrally and locally under one body which could not evade its responsibilities, that in itself would be a large contribution to the health of the people.

Public health services, however, are of limited value unless they are backed by an efficient medical profession. That the British medical profession is efficient in the sense that it applies the teachings of medical science with skill and understanding cannot be doubted. It is questionable, however, whether a system under which each general practitioner works largely in isolation and draws his income mainly from fees levied on his patients is economically suited to the present day. An interesting and judicious chapter of the P E P Report is devoted to this question. The conclusion to which it comes is in favour of the gradual creation of a public medical service, built round the general practitioner. The ideal to be worked towards is that the general practitioner should be, literally, the family doctor who keeps in close touch with his clients, in good and bad health, serves them as a general health adviser, as diagnostician and as a channel through which they can gain access to specialist and consultative services. No system of this sort could hope to be a success until some method had been worked out of spreading its cost widely and evenly over the population. National Health Insurance is one way of doing this, and the report includes detailed proposals for its extension. The great growth of voluntary contributory schemes in the last few years shows that there is a willingness in the public to make regular provision for medical care instead of leaving it as an emergency to be deferred as long as possible and then financed by emergency means.

The problem of finance is, indeed, at the root of health progress. It is not so much a question of how much health but of how much illness we can afford. The P E P report has some careful calculations on the present cost of ill-health, which it puts at not less than £300 millions a year, exclusive of the cost of the "environmental services" which can be assumed to contribute to good health. Not all of this, of course, could be saved even by the most perfect health service, but there is clearly room for large economies. All such calculations of social benefit, however, involve the difficulty of knowing how to embody the benefits in cash and to collect part of the money to support the services which create the benefits. Further heavy loading of the national Budget can hardly be contemplated. The contributory principle has its obvious defects, especially its inability to distinguish capacity to pay. But within limits it offers the best opportunity for immediate advance. The P E P Report puts forward as its chief specific proposal an extension of National Health Insurance to cover the dependants of insured persons and to make available both specialists' services and also such additional matters as dental and ophthalmic treatment. The cost of this extension is put at £16 millions a year, of which half could be raised by an additional contribution of 3d. a week from insured persons.

Specific suggestions such as this have obvious merit, but a large part of their value will be lost if they merely add another patch or two to the existing crazy quilt. The usefulness of the P E P Report is that, in addition to making detailed suggestions for immediate action it demonstrates the need for taking a comprehensive view of the State's responsibilities in health matters. If as a result of the Report that comprehensive view becomes obligatory on public authorities and private citizens alike, its authors will have done their work well.

Diamonds

THE diamond is the economist's classic example of value determined by scarcity. Influential diamond producers have taken his words closely to heart, and the long duration of organised restriction in this industry gives modern schemes like those of the rubber, tin, copper and tea producers a distinctly *parvenu* air. Since the beginning of the last world depression two developments have played a considerable part in the striking recovery of the diamond industry. The first, which has beneficially affected the world's total demand, has been the rapidly increasing use of diamonds for industrial as distinct from purely ornamental purposes. The second, which has operated on the supply side, has been the extension of the membership of, and the effective control exercised by, the central producers' body in South Africa.

The sole official selling agency of the diamond industry is the Diamond Trading Company. The ability of this body to make its policy effective obviously depends upon the support obtained from producers, and in the years which immediately followed the boom of 1929 competition between producing interests brought the inter-

national diamond market under severe pressure. A decisive change occurred, however, in 1933, when a new South African Diamond Producers' Association was joined by the so-called "Conference Producers" of earlier days, and in addition by the Koffyfontein Mines, by the Cape Coast Exploration Company, and by the South African Government. All South African producers agreed to make all their sales through the Association, which proceeded to allot quotas to the various participants, in the approved manner. The South African Government's separate selling office was thereupon closed down. There was, however, one complication, for the Diamond Corporation, which had acted as the selling agency of the Conference Producers, held very considerable stocks of diamonds, which are estimated to have a value still in excess of £10 millions. The difficulty was surmounted by making the Corporation a member of the Association, with the formal status of a producer with a fixed quota, so that its stock could be disposed of in an orderly fashion, without upsetting the market's equilibrium.

The Diamond Producers' Association effects sales for all its members through the medium of the Diamond Trading Company, Limited, a newly formed subsidiary of the Diamond Corporation. The Trading Company also sells, under contract, the output of the chief diamond producers outside South Africa. Much of the credit for the recovery which has occurred in the international diamond trade during the past four years must be accorded to improved conditions in the world as a whole. It is generally admitted, however, that the formation and subsequent policy of the Producers' Association have helped to produce a feeling of confidence in the market, whose effects have been distinctly beneficial from the producers' point of view. Efforts have recently been made, accordingly, to extend the scope of co-operation by securing the support of the finishing and selling interests of the diamond trade. Last September an agreement was reached at Antwerp for the formation of a World Union of the Diamond Industry, to embrace every

section of the trade. The new organisation is still in a preparatory stage, and its detailed objectives are unknown. That it is designed still further to strengthen the trade's international position, however, is beyond doubt.

The growth of demand, since the worst days of depression, has certainly been encouraging. In 1932 the world's turnover of rough diamonds (as measured by the sales of the central body) was valued at £1½ millions. By 1935 it had increased by £6¼ millions and by 1936 to £8¼ millions. This year's sales of over £9½ millions will be well within hailing distance of the average of £12 millions in the boom period of 1927-29. Luxury diamonds are now selling at prices 40 to 50 per cent. above the lowest points reached in the slump, and their strong tendency has persisted despite the recent decline in demand.

This improvement has been effected, significantly enough, against a background of increasing production. Statistics of diamond production in three recent years are given in the table on this page, which shows that world production has risen from 4,060,000 metric carats

in 1933, the worst year of the slump, to 8,240,000 metric carats in 1936, the highest figure in the history of the industry. Since the end of 1936, production has again increased substantially and may reach the level of 10 million metric carats this year.

The table reveals that in 1936 British Empire countries produced only 35 per cent. of the world's diamond output, by quantity, but were responsible for as much as 72 per cent. of the total value. The position of South Africa is well indicated by the fact that whereas her production of 624,000 metric carats was slightly lower than in 1935, and not very

greatly in excess of the total for 1933, its value last year represented more than a third of that for the entire world. During the present year, however, the output of the mining section of the diamond industry in South Africa has been substantially increased. The Dutoitspan Mine, owned by De Beers (the first South African diamond mine), was reopened in March, 1936, and increased its operations from one to two shifts (of eight hours) last January. Early in June operations were restarted at the Bultfontein Mine (also owned by De Beers), and the Wesseltown and Jagersfontein Mines are at present being reconditioned.

Closer selling organisation among producers, however, could not in itself have enabled the industry to carry an increase of over 100 per cent. in world production between 1933 and 1936, in the absence of a phenomenally rapid increase in the use of diamonds for industrial as distinct from decorative purposes. A very rough idea of the importance of this development can be inferred from the fact that the output of all countries outside South Africa rose from 3,553,000 metric carats, valued at £2,150,000, in 1933 to 7,616,000 metric carats, valued at £4,045,000, in 1936. Formerly, the industrial use of diamonds was limited to such operations as rock-drilling, glass-cutting, wire-drawing and engraving. To-day diamonds are extensively used for all kinds of abrasive operations and for the sawing, shaping, setting and turning of particularly hard

WORLD PRODUCTION OF DIAMONDS
According to the Imperial Institute

	Quantity (thous. metric carats)			Value (thous. £)		
	1933	1935	1936	1933	1935	1936
South Africa	507	677	624	1,560	2,171	2,125
South-West Africa ...	2	128	185	15*	547*	918*
Angola	374	482	578	483†	626†	786†
Sierra Leone	32	295	616	76	402	725
Belgian Congo	2,257	3,169	4,634	411	500†	712
Gold Coast	804	1,350	1,415	518	546	585
Brazil	34	39	136	520	290	205
Total, British Empire	1,399	2,501	2,880	2,288	3,785	4,460
Total, Other Countries	2,661	3,690	5,360	1,422	1,425	1,710
TOTAL, WORLD	4,060	6,191	8,240	3,710	5,210	6,170

* Based on sales value.

† Based on export value.

materials. Diamond-set tools and grinding wheels represent an entirely new development of the past few years, but already their employment accounts for about 40 per cent. of the total consumption of industrial diamonds. Increasing demand for absolute precision in engineering work, and the growing use of alloys of maximum attainable hardness for armaments, springs, tool steels, etc., ensure a still greater demand for industrial diamonds in the near future. Though comprehensive figures are unobtainable, the detailed foreign trade returns of the United States show that that country's imports of industrial diamonds have risen from 46,949 carats in 1929 to 954,589 carats in 1935, to 1,166,094 carats in 1936, and to 1,349,815 carats in the first nine months of 1937.

This remarkable advance in the demand for industrial diamonds, which the armament boom has stimulated, has actually produced a shortage of industrial stones of good quality at the present time, in spite of the sharp rise in world production. Though there is no direct relationship between the markets for industrial stones and for "gem" diamonds, the probable maintenance of demand for the former would indirectly tend to sustain

the latter's price, even in the event of a moderate trade recession. The lowest grades of jewellery diamonds exercised a formidable pressure on diamond prices as a whole during the last slump, but to-day they are capable of being diverted to industrial purposes should their normal market become unduly contracted.

The year now drawing to its close has seen wide fluctuations in the diamond trade. It opened with a boom, followed by a decline in the summer, and, subsequently, by the decision of the Diamond Trading Company to interrupt its "sights" from the middle of November till the end of December. Nevertheless, the tone of the market remains satisfactory, and on the whole it would seem that the industry may look to the future with fair confidence. If trade recedes, its own organisation is stronger than it was eight years ago, and the rising secular trend of industrial demand is a factor making for increased stability. If the political and industrial optimists are right, and world prosperity speedily resumes its advance, average annual sales of diamonds in the rough may regain and surpass their past record figure of £12 millions in a year or two.

Changes in West Africa

(By a Correspondent)

THE part played by the cacao bean in the development of the Gold Coast reveals how many-sided and far-reaching may be the consequences of the importation from one country to another of a valuable food-yielding form of plant life. West Africa has sustained three external influences upon the slow evolutionary trend of its aboriginal life. The first made itself felt when the white man discovered gold, the second when he discovered "black gold," or the wealth to be won in the slave trade. The last factor, the importation of the cacao tree, has radically changed the life of the people, by weaning them from their nomadic and warlike ways, and accelerating their economic and social development. The West African, to the surprise of the descendants of the old slave traders, has in recent times revealed himself as a man swift to learn new ways and to absorb new ideas. Hitherto a wanderer, a sporadic hunter and a wasteful agriculturist on the old "shifting cultivation" lines, the West African has abandoned internecine warfare and settled on the land.

We first hear of the cacao tree on the Coast in 1815, from a Dutch source. Later, in 1857 a Basle missionary imported seedlings; but it was not until nine years later that the first ripened pods were secured. The growth of the industry, however, so far as the export trade is concerned, began only at the end of the nineteenth century. The first considerable consignment of 80 tons was shipped in 1891, but from that time the influence of the cacao bean upon the life of the West African has been decisive.

The cacao-growing areas of West Africa are confined to the humid twilight of the forests, where a leafy canopy saves the rich soil from the whip-lash of tropic rains. This tract lies between the Gomoe and Volta rivers. It is separated on the coast from the Atlantic by a belt of unsuitable land, and it reaches northwards beyond Kumasi, the capital of the Colony. In this area the growth of the cacao bean is confined by law to native industry. Exports of the cacao bean, in tons, have risen from an annual average of 5 in the period 1891-95 to 218,895 in the period 1926-30, and to an average of 256,030 for the five years 1932-36. The supremacy of the cacao crop over all others is revealed by the following figures, showing the value of exports in 1936:—

Cacao	7,660,000	Manganese ore	613,000
Palm oil	6,187	Gold	3,048,000
Palm kernels	107,000	Diamonds	585,000
Kola nuts	5,000	Timber	101,000
Copra	25,942	Raw rubber	24,048

The cacao figures in the table represent the yield of a million acres of land, the bulk of which is farmed by

Africans, few of whom have more than five-acre holdings.

Any radical change in the economic condition of a people is likely to reveal, on the one hand, a capacity for cultural and economic progress, hitherto inherent but unrevealed; and, on the other, various limitations and intrinsic weaknesses. Particularly has this been the case in West Africa. Almost in a day the people of the Gold Coast were propelled forward by external forces from an aboriginal existence which had remained unchanged for centuries, to the complex system of the Western world in the twentieth century. The old communal system of land tenure has given place to the idea of private ownership, and this, in turn, has brought the concept of land values and the beginning of land as the basis of private wealth. Formerly the West African had little or no sense of property in land; now he realises that his small four-acre farm is an economic and financial asset. Though he still remains, by Western standards, strikingly indifferent to gain, he knows, nevertheless, that his land has a market value, and he asks for it. Conveyancing of landed property has made its appearance, and with it there has appeared the man who organises his land for profit rather than cultivates it by his own efforts. In fact, the West African has become an employer of labour, usually drawn from the Northern territories. Ultimately this system will involve the stratification of African society—a result which may make for "progress," in a material sense, but will be hailed with regret by many lovers of earlier days and older ways.

The concept of the private ownership of land includes, inevitably, the right to alienate and dispose of land by will, and in this direction Western ideas are also revealing themselves. For example, the old matrilineal system of passing possessions through the sons of the testator's sister is giving way to the system of direct inheritance through the father. In the sphere of transport, again, importance. A few years ago the West African was content to carry his produce to market on his own head, or highways he prefers the lorry as a means of transport. West African mind, but appreciation of the fact that roads need constant repair came more tardily. Yet ledge of English and of "the three R's" was of inestimable advantage in his trading operations, and at once children to the Government schools in steadily increasing numbers.

These changes, which have profoundly affected West African life, morally and materially, have brought a host of new problems in their train. The African cultivator has been slow to realise, for instance, that the forest itself has its needs—that when trees are chopped down other trees must be planted. And many ideas with which Europeans have been familiar for centuries have come with a shock of surprise to the African mind. The West African has long realised the value to himself of his own strength. The notion of selling this personal asset, however, by engaging himself, as a free man, to work for another has been entirely novel to him, though formerly slave labour was a commonplace of this aboriginal African society. There has been an increasing demand for labourers from the Northern territories, who have brought with them a new complication; for not only

have they had to receive an agreed wage, but it has been necessary to find food for them on the farm.

Altogether, it can scarcely be a matter for surprise if some of the institutions which are commonplaces of Western civilisation have slightly dazzled the eyes of the expectant West African, and profoundly disturbed his mental and material balance. Ultimately, the great and growing industry based on the cacao bean exerts its decisive influence on the social life of the Gold Coast through a single agency: the use of money as a medium of exchange. Money, which can be buried and dug up again in bright florins; money, which means power, has put a time limit to an ancient aboriginal culture, and is stimulating a potentially great people with the heady draught of the restless Western world.

Notes of the Week

Notes to Japan.—In the House of Commons on Wednesday at question time Mr Eden announced that a Note had that day been despatched to the Japanese Government on the subject of the outrages which we deal with this week in a leading article. "His Majesty's Government," said the Foreign Secretary, "wish in particular to be assured that action is being taken of such a character as will definitely ensure that there shall be no repetition of these incidents—which, as the Japanese Government themselves realise, must impair relations between the two countries." The severity of these words was matched by the temper of the House as it listened to them, as well as by the tenor of the Note, which was then on its way and has since been published. After rehearsing the facts, the British Note acknowledges the receipt of the Japanese Note of the 14th in which the Emperor's Government tenders a "profound apology" and announces that compensation will be paid, that the culprits will be punished, and that measures have been taken to prevent the recurrence of such incidents. Taking up these suspiciously artificial-looking olive twigs, the British Note puts them under the microscope. It recalls the long tale of previous Japanese outrages, and the Japanese Government's repeated assurances of their intention fully to respect the interests of third Powers in their present conflict with China. "It is clear," the British Note concludes, "that the steps hitherto taken by the Japanese Government to prevent such attacks have so far failed in that purpose; and His Majesty's Government therefore ask to be informed that measures have actually been taken of a character which will put a definite stop to the incidents of which they complain." A very similar line is taken by the American Note which was delivered in Tokyo on Monday. The Note mentions previous occasions when Japan has "violated the rights of the United States" and asks for an assurance that "definite and specific steps have been taken" to prevent a recurrence. This is, indeed, the issue: can, and will, the Japanese Government effectively control the Japanese military authorities? And can, and will, the Japanese high command effectively control the Japanese junior officers?

Civil Liberties.—A debate on the question of the liberties of the subject took place in the House of Commons on Wednesday evening on a motion proposed by Mr G. Strauss, the Labour member for North Lambeth. Mr Strauss's motion spoke of "the extent to which the liberty of the subject has suffered encroachment within recent years" and declared that such encroachment "threatens the maintenance and impedes the development of a healthy democracy." In spite of such broad terms, however, Mr Strauss largely confined himself to a severe criticism of the Metropolitan Police for alleged partiality in favour of Fascist organisations

and against the working-class. He received no support even from his Labour colleagues for these attacks, which the overwhelming majority of Londoners would consider completely unwarranted, and it is a pity that the discussion was so largely diverted to a matter on which there is little ground for debate, since there is much in the general subject of civil liberties that well deserves a Parliamentary airing. It is undeniable that there has been a certain restriction of the liberties of the citizen in comparison, say, with the decades before the war. It is also true that the price of liberty is eternal vigilance. But there seems to be a growing tendency among the professed champions of civil liberty to take an extreme attitude which in the long run will only do harm to their cause. There is some agitation, for example, against the ban on political processions in the East End—which has just been extended for a further three months—on the ground that it applies to all parties alike. But if the authorities, in the name of civil liberty, started on a policy of discrimination (for which, incidentally, fresh legislation would probably be needed), the last state of liberty might well be worse than the first. A Conservative member who spoke in the debate was being more realistic than Mr G. Strauss when he said, "The one threat to our liberties is the growth of such disorders that the people say 'Anything for order' and do not examine too closely the policies of the extreme parties who offer to restore order." The essential problem, as Mr Geoffrey Lloyd said, is to achieve a proper balance between freedom and order, for freedom without order will lead to its own destruction. Let this be thought to be a Fascist sentiment it may be pointed out that the British people have already, in the interests of order, surrendered the liberty to carry arms—a liberty that is enshrined in the Bill of Rights written into the American Constitution. But which is the bigger threat to the freedom of the citizen to pursue the life he chooses, the compulsory disarmament of the Englishman or the revolvers and machine-guns of the gangsters?

The Castlecary Railway Accident.—One of the worst disasters in British railway history occurred on the afternoon of December 10th at Castlecary, between Edinburgh and Glasgow on the London and North Eastern Railway. In a blinding snowstorm a train from Dundee, while the latter was at a stand. The death-roll amounted to 35 passengers, and a further 63 were injured. The driver and fireman of the colliding train had miraculous escapes. Apart from the absence of fire, nothing was wanting to add to the horror of the collision in thick snow and darkness, or to the difficulties of subsequent rescue work. The cause of the disaster is as yet unknown, for the official Ministry of Transport inquiry only opened on December 16th, while the inquiry under

the Fatal Accidents Act, held under Scottish law, had not opened when we went to press. Falling snow reduces visibility and disorganises traffic just as seriously as fog, and in the extra precautions enjoined in the signalling regulations the two are treated on exactly the same footing. Whether the driver of the rear train ran past a signal at danger or whether the signalman overlooked the presence of the first train, or whether there was some other cause—these matters will necessarily be determined by the official Ministry of Transport report. All that can be said to-day is that complete track-circuiting plus automatic train control are the only certain preventives of such a disaster. The suggestion has been made that the use of wooden carriages increased the death-roll, but actually the carriages were built as to three-quarters of steel. In view of the speed at which the colliding train was proceeding, serious loss of life was unavoidable.

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Mr Attlee's Defence.—The dangers of confusing political with constitutional issues have been exemplified by the attempt of certain Conservatives in the House of Commons, on outside platforms and in the Press, to indict the leader of the Opposition on account of speeches in favour of the Spanish Republican Government during a brief tour in its territory. It was alleged that, by virtue of his constitutional office, now recognised by statute and a salary, Mr Attlee was in duty bound to respect the British Government's Spanish policy. His speeches, moreover, were stated to have violated the agreement he signed on departure not to intervene in the Civil War. A vote of censure against him, as leader of the Opposition, was tabled in his absence. On Monday Mr Attlee hastened to state his position to the House. He made no excuses, claiming on the one hand that the expression of his known views about events in Spain in no way violated the agreement he had signed, and on the other that the salary recently thrust upon him could not be construed to limit his right as a private member to speak his mind on politics as he pleased. His argument carried conviction, and the Prime Minister, who had given no sanction to the attack, asked that the matter should be dropped. Mr Liddall, Earl Winterton and certain leader writers may dislike Mr Attlee's politics. That, in fact, is why Mr Attlee is leader of the Opposition. To suggest, however, that his salary made him virtually a pensioner of the Government, by limiting his right to express an opinion contrary to official policy, would be bad logic, bad constitutional doctrine and—at the price—bad business.

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Jugoslavia, France and Italy.—Last week Dr Stojadinovic, the Prime Minister of Yugoslavia, was a guest of honour in Italy; and now this week M. Delbos, the Foreign Minister of France, has been a guest of honour in Jugoslavia. On the whole, it looks as though the powers that be in Jugoslavia, like the powers that be in Poland, will continue to sit on the fence while opening their hands to take any sugar-plums that may be offered to them as baits to coax them down on one or other side. For the moment, these smaller states for whose favours two rival Great Powers are competing are perhaps in a privileged position—but this perhaps only on a short view. In the long run, they will have to make up their minds which of two alternative kinds of Europe they themselves desire; and the difference between these two Europes is of even more vital importance to the lesser European States than to the Great Powers themselves, since their very existence as States may depend upon the choice. For the moment, it is as tempting for Jugoslavia to coquet with Italy as it is for Poland to coquet with Germany; for her totalitarian neighbour is in a mood to pay for Jugoslavia's good graces in coin which Jugoslavia values. It seems that in Italy last week Dr Stojadinovic was successful in extracting from Signor Mussolini a certain relaxation of Italian pressure both on Jugoslavia's frontiers and on the Jugoslav minority under Italian rule. In Jugoslavia, as in Poland, to-day

the powers that be incline towards authoritarianism rather than towards democracy. Yet here again, as in Poland, the democratically-minded elements that still exist in—and may well be a majority of—the people have a winning card up their sleeve; and this card is patriotism. For it is evident that, if the Rome-Berlin axis did prevail in Central and Eastern Europe, the Successor States, one and all, would lose their independence in fact, however sedulous their new German and Italian masters might be in preserving the outward forms of it. The only ultimate guarantee of a genuine independence for these Central and East European States is that the West European Powers, and, in particular, France, should continue to count in European affairs.

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Danubian Majorities and Minorities.—It is not only in Jugoslavia that M. Delbos's tour has significance for the domestic politics as well as for the external relations of the countries visited. In Roumania he found a situation not dissimilar from that in Jugoslavia. The Government, which in either country is in office more through Royal favour than through popular support, officially maintains the policy of the French alliance. In both countries the Government is faced with Oppositions of the Right and the Left, the former section inclining to Germany while the much larger democratic Opposition is the most fervent supporter, in each country, of the connections with Paris and Geneva. In Roumania, the position is complicated by the fact that a general election is in progress. M. Delbos could hardly ignore the Opposition leaders—among whom M. Titulescu must now formally be counted—for they are France's best friends and may conceivably be the Government within a few weeks. But the King and the Prime Minister insisted on excluding MM. Maniu and Titulescu from a reception at the French Embassy and the visiting Minister accordingly had to receive the Opposition separately, at the cost of considerable embarrassment both to him and to the Government.

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In Czechoslovakia, where M. Delbos has now arrived, the Government is both firmly and democratically in the saddle. But the perennial problem of the German minority is nevertheless giving renewed trouble. At the moment there is serious dissension in Herr Henlein's Sudetendeutsch party, which has now reached the stage of an open clash between Herr Henlein and his "Kameradschaftsbund" on the one hand and, on the other, the so-called "Aufbruchkreis" who believe that Herr Henlein is far too moderate in his Nazism and panicked from the party, and it is believed that they have a considerable following among the Sudeten Germans. At the same time there has been an increase of complaints among the "Activist" Germans (i.e. those who co-operate with the Government) that the agreement of February 18th, which made several concessions to the German language and culture, is not having much effect. Wisely, the Czech Government has announced the public service need not speak Czech on appointment, provided they learn it thereafter. The Government in the German-speaking districts. But the agitation goes on. That it receives rather more than moral support from Berlin is clear, and in the last few days it has been found necessary to tighten the provisions against the disclosure of military information.

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The Soviet Elections.—The election of members of the Supreme Council of the Soviet Union has passed off exactly as was expected. It is officially announced that all 1,143 candidates have been elected. Since, in this

"democratic" election, only one candidate was permitted to stand for each constituency, the result is hardly amazing. But it is also announced that, on an average of the whole vast country, 96.5 per cent. of the total electorate actually recorded their votes. M. Stalin has thus not secured quite such a high percentage as Herr Hitler did in his last effort, but he has done very well, considering the difficulties that had to be faced in some parts of the Union, where the mere idea of an election met with traditional opposition. In any case, the absolute number of votes, 90,319,346, is easily a record for any election anywhere at any time. It is perhaps an anticlimax, after such impressive statistics of aggregated humanity, to wonder what purpose the election has served. It has, of course, once more demonstrated the effective results that can be produced by a mixture of propaganda and compulsion, when all voices from outside have been eliminated. But the world has learnt how to assess these demonstrations. The official claim that the election has turned Soviet Russia into a democracy is, of course, laughable. The restriction of candidatures to one officially approved nominee per constituency would be enough to dispose of it. But in addition, the continuance of the "purge" places an insuperable obstacle in the way of the acceptance of present-day Russia even as a State with democratic aspirations. The approved list of candidates itself had to be purged, and M. Mezhlauk, Deputy-President of the Council of People's Commissars and Chairman of the State Planning Commission, was ominously removed from it within a day or two of the election. How can such things be reconciled with any tolerable system of government, let alone with democracy?

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A Mussolinian Gesture.—The reports which were recorded in last week's *Economist*, that Italy's resignation from the League of Nations would be decided by the Fascist Grand Council at its meeting on Saturday, proved to be entirely correct. The decision was duly announced, in suitably truculent language, from the balcony of the Palazzo Venezia by Signor Mussolini himself. The step hardly reaches the usual standard of dictators' sensations—certainly not in the eyes of the outside world and probably not in the eyes of the Italian people. Juridically, Italy broke her covenants to the League when the first Italian soldier crossed the Abyssinian frontier rather more than two years ago; morally she broke them when the invasion was plotted in cold blood, years earlier. There is, in fact, far more political significance attaching to the German reaction to Italy's resignation than to that act itself. In a statement issued by the German Government on Sunday it is declared that the Reich is in full agreement with Italy in holding that "the political system of Geneva is not only a failure but is pernicious in itself," and it is added that, in view of this conviction, "a return of Germany to the League will never come into consideration again." This reads like the first word of command in a triangular German-Italian-Japanese propaganda campaign in which the League will be designated as an organisation which is neither world-wide in its membership nor worthy in its purpose. So far from being an oecumenical association of States for the maintenance of international order, the League (it will be represented in these hostile quarters) is not, and indeed has never been, anything but a gang of Powers with great possessions, who have tried to cajole the have-nots into co-operating with them for the safeguarding of their loot. The "Triangle's" piratical attacks upon China, Abyssinia, Spain and whoever may be their future victims, will be lauded as a righteous and effective retort to the League Powers' dog-in-the-manger policy. If they really fear the League and what it stands for (as they must do) the dictator States are taking a false step. For their anti-League campaign will make it impossible for any other States to leave the League without admitting that they have yielded to the pressure of the Triangle. Signor Mussolini's need for flamboyant gestures is distorting his diplomacy.

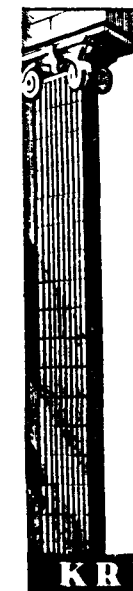
Films and Quotas.—This week's proceedings in Committee on the Films Bill have given rise to questionings whether the Government really knows its own mind. Having threatened earlier in the year to drag on the trade into submission unless the different sections came together and agreed on a film policy which would be acceptable to the Government, the Board of Trade has since been content to waste valuable time in attempting to placate each section in turn. Perhaps if Mr Stanley, now a disappointed man, were to return to his best sergeant-major manner, the whole of the trade might fall into line with sprightly celerity. His attitude in Committee last Tuesday, however, was altogether different. He intervened in the discussion on the split-quota amendment—which he had denounced in unmeasured terms at the previous sitting—to say he might be in favour of some other proposal (which he had not fully thought out) if it proved acceptable to the trade (which had given it no thought at all). By this new proposal any renter who made British films in excess of his quota liability would be permitted to offer them to exhibitors on terms entitling the exhibitors to double quota.

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The value of the new proposal is anything but clear. Under it, from the viewpoint of the exhibitor, there would still be two classes of British films. The first would count at their full length and the second at double their length, towards his quota liability. The concession, however, would be meaningless to the exhibitor unless he could sell a given film profitably to the public, and its entertainment value would have no relationship whatever to its relative ranking for exhibitors' quota. In some respects, indeed, there is stronger ground of objection to the new scheme than to the original proposal. And the old dilemma remains, since all the better films under the proposed arrangements may tend to gravitate to the renters' quota, while all the inferior films tend to become exhibitors' double-quota films. The price which the exhibitor can afford to pay depends entirely on the merits of the film and not on the quota class in which it may be placed. Unless any given project is likely to produce higher returns from the public, it can offer no possibility of increasing the total return to the producer. The new proposal, like the old, does nothing to make film production more profitable.

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Private Members' Bills.—With unusual generosity the House of Commons on December 10th unanimously gave second readings to three measures introduced by private members, dealing respectively with hire-purchase, street playgrounds and workmen's compensation. Back from her brief travels in Spain, Miss Wilkinson clearly exposed the more notorious abuses of the hire-



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purchase system. Her Bill is designed to prevent the harsh repossession of goods the purchase price of which has been largely defrayed by the hirer, and, among other reforms, to make it possible for the hirer to return the goods and end his liability with the payment of only a reasonable sum to cover wear and tear. The intention of the measure is to put a stop to the activities of touts and bruisers and to the "snatch-back" and "linked" agreements. Its execution would tax the resources of the county courts, but, in the view of members of all parties, including the Solicitor-General (cautiously unofficial), the various clauses are both practicable and desirable. Mr Perkins' Bill to empower local authorities to close streets for use as playgrounds was equally commended, and, indeed, the Ministry of Transport had advised Mr Perkins about its actual drafting. Similarly, Mr Cary's proposal to extend to several thousand taxicab drivers and barges in London the benefits of Sections 3 and 5 of the Workmen's Compensation Act of 1925 was warmly welcomed by the Home Office. Apparently these measures have been launched upon the troubled waters of private member procedure with a fair wind, and all, it may be hoped, have more than the usual opportunity to reach the Herbertian haven of enactment. It is in cases like these that the House can reflect more aspects of public opinion than can be brought within the necessarily narrow limits of the Government's programme.

Rent De-restriction.—Next week the Minister of Health will receive the Report of the Committee on Rent Restriction. A minority of the Committee is reported to be opposed to any general removal of restrictions, but the majority is expected to recommend general decontrol in stages up to 1950. After that date the rents of houses will be controlled only in overcrowded districts or in places where the Minister thinks it advisable to retain restriction. For instance, houses rated at over £20 and under £45 in London and over £13 and under £35 in the provinces may continue to be restricted, if they are occupied by one or more families already paying a rent above a prescribed level. Until the Committee's Report is made public, comment has little value. But it may be appropriate to suggest that any plan to remove restrictions by gradual stages, with adequate safeguards to protect impoverished and overcrowded tenants will, in general, be welcomed. The system of restriction is steadily lapsing through the falling-in of tenancies; but in so far as those restricted rents which remain tend to act as a brake on the building of new houses, there is a case for deliberate decontrol on grounds of economic expediency. Rent restriction has lingered long since its institution as an emergency measure at a time of housing shortage. During its tenure its function has largely changed; for it has become part of a social policy against slums and overcrowding. This rôle of restriction is likely to be indicated in a suggestion by the Committee that another overcrowding survey should be made in 1940. Meanwhile, though permanent restrictions on the earnings of one particular form of property may be unjustifiably discriminatory, the State must ensure that if rents are to be decontrolled on the one hand, new houses must be built to let at adequately low rents on the other.

Traffic Facts and Problems.—The Report on the administration of the Road Fund lends much weight to the contention that our roads, and especially those of London, are wholly inadequate to carry the growing burden of modern motor traffic. In 1936 the number of licensed motor vehicles rose from 2,581,000 to 2,768,000. There is now one licensed driver for every 12 persons in this country. In London, congestion has reached a peak. An investigation of traffic delays showed average speeds of between 3.6 and 5.8 miles per hour in the City and between 6.3 and 7.7 m.p.h. on the journey from Euston Road to Trafalgar Square. Only on the outskirts of London can average speeds of 18 m.p.h. be attained;

and it is now slightly quicker to travel 22½ miles round the North Circular Road at 23½ m.p.h. than to proceed at 12½ m.p.h. through the heart of the City, a distance of only 12½ miles. The waste of time and engineering skill involved in this dilatory progress represents a serious economic loss to the community.

Far more serious is the toll of the road in life and limb, which is akin to that of a minor war on our out-moded highways. Up to March 31, according to this Report, schemes to cost £73,312,000 had been approved under the Government's five-year plan of road improvement. On November 3rd, in answer to a question in the House, it was stated that only £9,250,000 had actually been spent since the programme was made an important plank in the Government's election platform over two years ago. Counting local contributions, probably no more than £15,000,000 out of the promised £100,000,000 has been spent in nearly half the allotted five years. It is not sufficient to set up an inquiry into the causes of road accidents, or to analyse road deaths without reference to the security which better roads might afford—as the Ministry of Transport does. The Parliamentary Road Group on the German Roads Delegation have recommended a national system of motorways. Economy, humanity and duty alike counsel drastic action. And the possibility of a trade recession is not the least important argument in favour of a comprehensive programme of road reconstruction.

The Future of the Australian North.—The Northern Territory of Australia derives its importance, not from the numbers of its people, but from its lack of them. With its 3,800 Europeans and 1,600 Asiatics inhabiting over half a million square miles it is the epitome of Australia's alleged "empty spaces." Much of it is desert; the exploitation of the rest has been littered with the wreckage of failure. A committee of two, appointed last April by the Commonwealth Government (which administers the Territory), has just presented a sweeping report. Working on the principle that revenue considerations must be subordinated to those of production and development, it recommends the abolition of the petrol tax and the suspension for twenty years of the Territory's income tax and all tariffs. It also recommends that Darwin should become a free port. Within the conditions established by this Elysian relief from taxation, and by the avoidance of over-centralisation and bureaucratic method, new modes of development are proposed. Instead of the uneconomic north-south railway, lines should be built linking the best areas of the Territory with the port of Wyndham in Western Australia and the Queensland rail head of Dajarra. As much of the country as possible should be converted from cattle to sheep grazing. Other recommendations include the improvement of housing, the establishment of a small meat works at Darwin, and the application of industrial arbitration. The Committee conceive as the aim a population of 15,000 within a decade and one of 40,000 within twenty-five years. The interim cost of these plans to the Commonwealth Government has not been stated in the cabled summaries, but in 1934-35 the combined revenue from Customs, Excise, land tax and income tax in the Territory was £16,340—a negligible figure against the total deficiency of £583,819 on that year's accounts.

Price-Fixing in New Zealand.—The New Zealand Parliament has accepted a Primary Products Marketing Amendment Bill of far-reaching scope and possibilities. The Bill empowers the Marketing Department to fix maximum and minimum wholesale and retail prices for dairy produce, fruit, honey, eggs and any other foodstuffs prescribed by Order in Council, and

to buy foodstuffs at fixed prices, exporting the surplus over home requirements. Mr Nash, the Minister in charge, defended the measure as a necessary interference with the economic mechanism in the interests of the community. It is, in fact, a logical corollary of the Act already secured by the Labour Government for the Government marketing of dairy produce and other commodities for export. British experience itself shows that price fixation at one point soon requires price dictation at others, and may eventually involve Government control of the whole distributive process.

Protestants Nationalised.—Within the last few days the Nazi State has made a fresh move in its unremitting campaign to bring the Christian churches under its control, and this time it has been the turn of the Protestants to draw their pagan overlords' fire. The attack was opened on December 8th in an article in the "Schwarze Corps"—the organ of the S.S., whose élite is the Secret Police—and on the 11th these words were followed up by acts on the part of Herr Kerrl, who is Hitler's sub-dictator for ecclesiastical affairs. The Nazis' ecclesiastical policy is taken ready made from those Russian Communists whom it is the Nazis' trade to denounce. The churches are to be confined to the performance of their liturgies and to the cultivation of "personal holiness"—on the understanding that such holiness is not to have any practical effects and not to be regarded as being even of any spiritual value. And the whole of the ground from which the churches are to be evicted is to be annexed by the State. "The State," as the "Schwarze Corps" puts it, "is the living expression of the divine order. . . . The National-Socialist State will create the divine order in all spheres of life. . . . There can be only one divine order." Accordingly, Herr Kerrl now takes over, root and branch, the government of the Protestant Church in Germany. The spontaneously organised Confessional Movement is declared to have no legal standing *vis-à-vis* the divinely-inspired Führer's authorised representative. And it is expressly declared that the reason why the State cannot and will not allow the Church to govern itself is because "the National-Socialist State cannot tolerate any State-free compartments, which would tend towards the disintegration of the nation." An idol which proclaims that it cannot afford to tolerate even earth-worms is avowing that it has feet of clay.

Italy and the Copts.—In his efforts to confirm his hold upon his Abyssinian conquests, Signor Mussolini is also playing politics with religion—a dangerous game, as other dictators have discovered. The Duce's first move was to try to induce the Catholic Church to become his accomplice in the Ethiopian crime by offering it all facilities for missionary work behind an advancing screen of Fascist poison gas. His next move was to try to set Muslims against Christians in Abyssinia by representing himself to them as their pagan liberator from a Christian domination. In the last few days he has made a third move—and this time for securing control over the ecclesiastical organisation of the Monophysite—or, as it is commonly called, "Coptic"—Church in Abyssinia. These Monophysite Christians are the most important religious community in Abyssinia, and for that matter in Eritrea too; and, as is signified by their being known as Copts, they have always maintained the closest relations with their co-religionists in Egypt. The Coptic Monophysite Patriarch of Alexandria has continued to be the head of the church in Abyssinia as well as in Egypt itself; he has always appointed the local Metropolitan of the Abyssinian Monophysite community, who has always been an Egyptian by nationality. It is now reported that the Italian conquerors of Abyssinia have, of their own motion, appointed, as an "independent" Metropolitan of the Monophysite

Church in Ethiopia, a native Abyssinian bishop named Abraham (who is said, incidentally, to have been blinded by Italian poison gas). Such an appointment is, on the face of it, entirely uncanonical; and it seems likely to cause offence in Egypt without winning allegiance in Abyssinia. If there is any truth in the further report that the Italians intend to force this Italian-made "autonomous" Monophysite Church in Ethiopia into union with Rome, then they are indeed asking for trouble.

Tin Restriction Quotas.—On Friday of last week the International Tin Committee fixed quotas under the restriction scheme for the first three months of 1938, at 70 per cent., against a present rate of 110 per cent. Special provisions, however, have been made under which Bolivia, the Belgian Congo and French-Indo-China will "surrender" tonnages which they are themselves incapable of producing, so that Malaya, the Dutch East Indies and Nigeria will be enabled to make exports at a rate of approximately 80 per cent. The cut is severe, but those who supported tin restriction have no room for complaint on that account. Experience suggests that, once consumption has started to fall, it may decline so rapidly that restriction must develop an exceptional turn of speed to overtake it. But the incidence of the latest reduction is hard to justify by elementary logic. In recent months, Bolivia has been producing at only 55 per cent., the Belgian Congo at 63 per cent., and French Indo-China at 50 per cent. of standard assessments, while Malaya and the Dutch East Indies have been producing up to their 110 per cent. quota. What, under these conditions, does "100 per cent." mean? To-day, in fact, one group of producing countries is admittedly under-assessed and another group is over-assessed. Under last week's decision, the over-assessed countries relinquished "rights" they were quite incapable of exercising in order that the real (and quite substantial) reduction made by the others might appear slightly smaller in terms of a percentage of some imaginary number. This approaches the limit of absurdity. Free competition tends to concentrate the burden of adjustment, in a falling market, on high cost producers; restriction normally apportions it arithmetically between high and low cost areas and producers. But what is to be said for a system which endeavours to ensure the continued co-operation of the former by throwing the burden primarily on the latter?

Record Steel Output.—The output of steel ingots and castings reached a record in November, but pig iron production was slightly smaller than in October, which contained one more working day. The total output of

CHRISTIANIA BANK OG KREDITKASSE OSLO

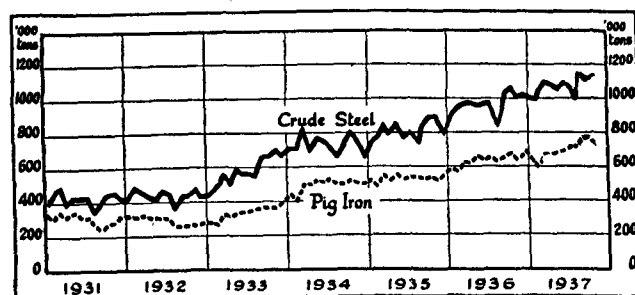
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crude steel in 1937 is now expected to reach 12.9 millions, against 11.7 millions in 1936. A year ago, both pig iron and steel production showed a substantial decline between October and November:—



Imports of iron and steel materials jumped ahead last month, when they were three times as heavy as in November, 1936. Exports, however, registered a decline between October and November and were only slightly higher than a year ago. The rising domestic output, coupled with heavier imports and practically unchanged exports, has brought about a substantial increase in the supplies available to domestic consumers.

(In thousands of tons)

Period	Production		Foreign Trade	
	Pig Iron	Steel Ingots and Castings	Total Imports	British Exports
1913—Monthly Average	885.0	638.6	185.9	414.1
1929 " "	832.4	803.0	235.2	364.9
1932 " "	297.8	438.5	132.7	157.4
1936 " "	640.5	974.8	123.6	183.8
1936—October	870.3	1,080.5	101.0	184.4
November	643.1	1,001.3	90.7	193.3
December	671.4	1,019.2	84.8	204.8
1937—January	650.7	998.9	83.1	215.0
February	608.7	995.9	82.9	200.5
March	680.3	1,108.5	94.3	231.6
April	680.7	1,080.4	88.5	239.5
May	686.3	1,047.3	98.1	228.3
June	699.3	1,106.4	174.8	235.4
July	729.3	1,059.2	202.3	232.2
August	714.0	987.7	213.4	201.4
September	726.7	1,163.0	228.2	193.6
October	769.6	1,133.6	220.5	206.9
November	762.3	1,178.3	272.5	193.0

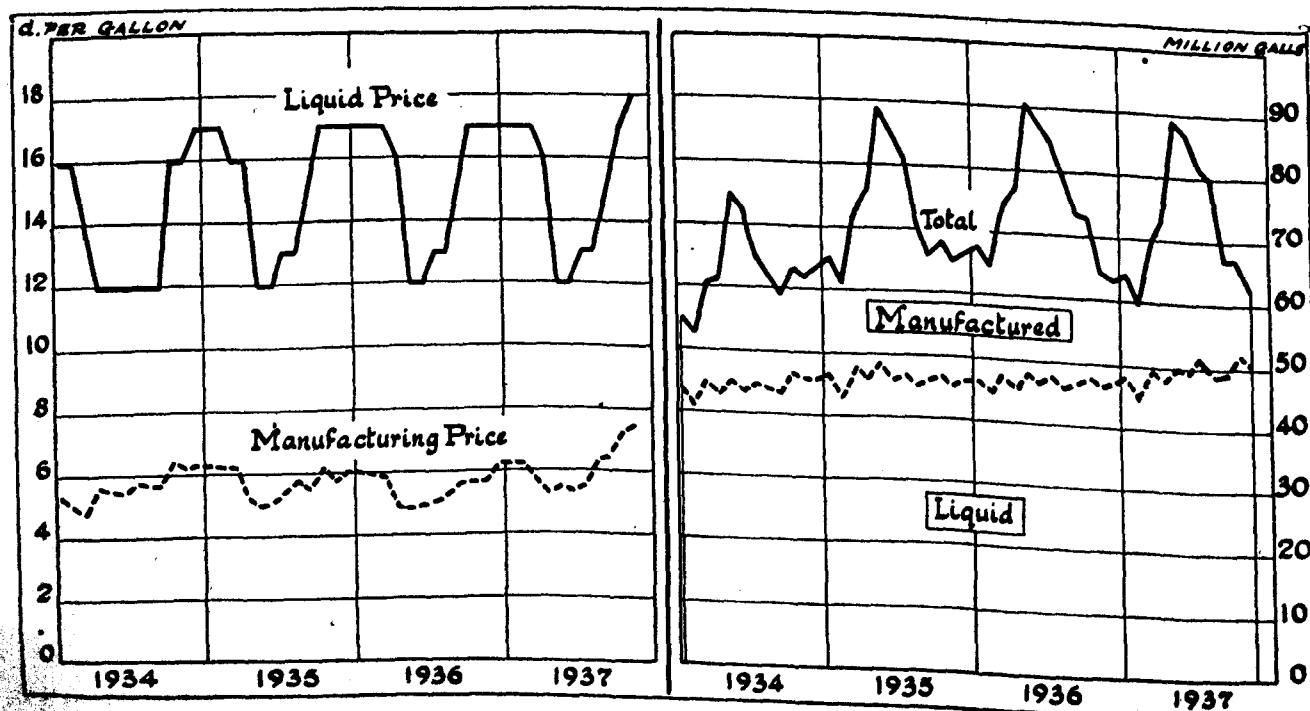
Despite the enormous increase in domestic supplies, there are no indications as yet of an accumulation of stocks.

Moreover, consumption is expected to continue at a high level for some time to come.

An interesting development in the British iron and steel industry was revealed by this week's announcement that Messrs Richard Thomas, the well-known steel and tinplate manufacturers, had arranged with the American Rolling Mill Company of Ohio to take over all the shares of Armco, its British subsidiary, on July 5, 1938. Under this arrangement, Messrs Richard Thomas will not only have a very effective control in this country of the strip mill patents of American Rolling Mill, but they will also benefit from any further technical improvements made by the research department of the American concern. How Richard Thomas's acquisition is likely to affect the development of this new process by Messrs John Summers (with whom Armco formerly had an arrangement) remains to be seen.

Decline in Milk Production.—The history of the Milk Marketing Scheme for England and Wales is epitomised in the charts which are reproduced at the foot of this page. These show, respectively, the prices paid to the farmers for "liquid" and "manufacturing" milk and the quantities sold in these two markets. During the first three years of its life the Milk Marketing Board was continuously confronted with the problem of the growing "surplus." The pool prices were sufficiently remunerative to call forth increasing supplies of milk, but retail prices were so high that consumption made little headway. The surplus which had to be disposed of at low prices for manufacturing purposes consequently showed a steady advance. During the current year, however, several factors have combined to check the growth of milk production. These include the poor quality of much of last year's hay, considerable spells of unfavourable weather and the rise in feeding costs. Concurrently with this check to production, liquid consumption has shown a gradual improvement in response to the propaganda of the Milk Board and the gradual improvement in the standard of living. The surplus has thus been reduced and the average realisation price for manufacturing milk is higher than at any time since the scheme began. Whether this improvement

MILK PRICES AND SALES

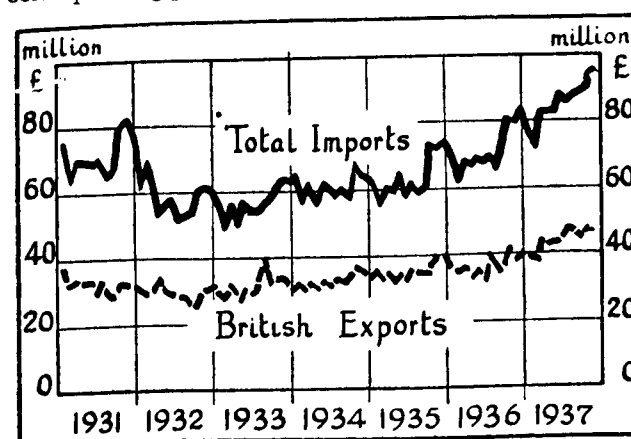


in the milk producers' position will be maintained in the near future may, however, be questioned. For the retail price in London and many large towns is now 7½d. per quart—the highest since 1924—and will remain at this level until the end of next February. To suggest that consumption will continue to advance in face of this increase in prices would seem to be unduly optimistic. But unless means can be found to reduce distributive costs, which now amount to 1s. per gallon (or 40 per cent. of the selling price), the chance of any substantial reduction in the price of milk seems slender indeed.

Overseas Trade in November.—In contrast to the movement a year ago, when imports declined by £1.8 millions between October and November, British purchases rose this year by £1.2 millions to the highest level since January, 1930. Domestic exports, on the other hand, declined between October and November, but the fall of £2.0 millions was smaller than the £3.4 millions of a year ago:—

	1935	1936	1937	Change between 1936 and 1937	Per cent.
November—					
Total imports	71,455	78,680	97,251	+ 18,571	+23.6
British exports	39,400	38,441	45,183	+ 6,742	+17.5
Re-exports	4,372	4,343	5,306	+ 963	+22.2
Total exports	43,772	42,784	50,489	+ 7,705	+18.0
Excess of imports over exports	27,483	35,896	46,762	+ 10,866	+30.3
Transshipments under bond	2,485	2,724	3,406	+ 682	+25.0
Eleven months—					
Total imports	683,556	765,372	935,412	+ 169,540	+22.1
British exports	391,037	400,254	477,880	+ 77,226	+19.4
Re-exports	49,821	54,596	70,224	+ 15,628	+20.5
Total exports	440,858	454,850	548,104	+ 93,254	+21.5
Excess of imports over exports	242,697	311,022	387,208	+ 76,186	+24.5
Transshipments under bond	22,946	26,046	34,385	+ 8,339	+32.0

Compared with the corresponding month of last year, both imports and British exports showed a bigger increase in November than in October. The improvement was most marked in the case of exports, whose rate of increase had previously tended to decline. But while the increase in imports over November, 1936, was above the average for the first eleven months of the year, the rise in British exports was again below the average recorded since the beginning of the year. The excess of imports over total exports last month was £46.8 millions, bringing the import surplus for the first eleven months to £387.2 millions, against £311.0 millions during the corresponding period last year.



While the sustained advance in imports points to the maintenance of a high level of activity in this country, the improvement in exports over a year ago indicates that the recent decline in new business has not yet found reflection in current shipments.

Trade by Commodities.—Though the increase of imports last month, as compared with November, 1936, is partly a consequence of the rise in prices, many materials, as the following table shows, were purchased

in larger quantities. Imports of crude petroleum and materials for the metal industries showed a substantial expansion by comparison with November, 1936, and the intake of machinery and iron and steel continued to exceed last year's by a considerable margin:—

RETAINED IMPORTS—MONTH OF NOVEMBER

Item and Measure	1935	1936	1937
Wheat	9,835	9,293	8,149
Beef and veal	1,051	944	1,034
Mutton and lamb	380	317	367
Sugar (unrefined)	2,879	4,264	3,375
Iron ore and scrap	422	515	787
Raw cotton	1,616	1,533	2,194
Sheep and lambs' wool	483	538	435
Flax, hemp and jute	23,890	31,163	29,960
Crude petroleum	37,893	39,786	50,508
Hides, wet and dry	149	152	158
Wood pulp	208	215	176
Rubber	66	17	288
Unwrought copper	13,591	27,988	39,372
Pig lead	28,429	24,503	37,824
Tin: Ore and concentrates	3,650	4,292	6,637
Blocks, ingots, slabs and bars	1,652	336	680
Iron and steel manufactures	77	90	272
Machinery	5,569	8,998	11,513

Exports showed substantial increases over November last year under most headings. The improvement in shipments of coal has so far been maintained, in spite of the recent lull in new orders. Exports of iron and steel also remained above last year's level, but were smaller than in November, 1935. The sustained expansion of machinery shipments is particularly encouraging. Among the items showing a decline, the lower shipments of iron and steel scrap are a reflection of the increase of domestic requirements. But the fall in sales abroad of textiles and motor vehicles and chassis is less satisfactory.

BRITISH EXPORTS—MONTH OF NOVEMBER

Item and Measure	1935	1936	1937
Coal	3,496	2,920	3,512
Iron and steel scrap	18,557	16,300	8,722
Pig iron and ferro-alloys	14,036	7,548	14,002
Railway materials	18,344	13,196	17,468
Total iron and steel manufactures	211,954	193,311	198,008
Textile machinery	3,510	4,827	7,561
Total machinery	33,638	31,997	40,275
Cotton yarns	12,414	12,424	11,374
Cotton piece-goods	158,489	154,414	150,688
Wool tops	4,607	4,936	2,937
Worsted yarns	3,249	2,460	1,734
Woollen tissues	5,584	5,173	5,353
Worsted tissues	3,169	3,181	3,108
Linens	5,966	7,180	5,247
Leather boots and shoes	40,853	39,685	38,541
Leather	24,203	20,896	18,826
Paper and cardboard	336,767	349,161	386,654
Locomotives and parts	993	1,182	766
Motor vehicles and chassis	6,800	9,016	8,217

Owing to the time-lag between the placing of orders and their delivery, no marked change in either imports or exports is to be expected in the near future.

Italian Budget.—The figures of the Italian Budget were issued in Rome after a meeting of the Council of Ministers on Wednesday. The year 1936–37 closed with a surplus of 1,289 million lire (about £13,500,000). This result was due to an unexpectedly high revenue of 24,703 million lire (about £260 millions) which was swollen by the revaluation of the gold reserve after the fall of the lira, by gold gifts from individuals and by cash payments in composition for the levy on real

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property. In the current year 1937-38, a deficit of 3,200 million lire (about £34 millions) is estimated. Next year, however, the estimates show a prospective surplus of 20 million lire (about £210,000). These figures are achieved by an expansion of revenue and by only moderate increases in expenditure. That revenue is increasing, thanks to the devaluation of the lira, world recovery, and the heavy increases of taxation in recent years, can readily be believed. The expenditure figures, on the other hand, impose rather a strain on credulity. In the following table the rough equivalent of the Italian estimates for the four most important Ministries (there is no "free" exchange rate between the lira and the pound, so conversions must be approximate) is compared with the corresponding Estimates in the United Kingdom in 1937-38:—

	Italian Estimates, 1938-39		British Estimates, 1937-38
	Million lire	£ million	£ million
Army	2,591	27	91
Navy	1,943	20	105
Air	1,265	13	83
Italian Africa....	1,785	19	No comparable Ministry

Making every possible allowance for the economies of conscription and for the low rate of wages in Italy, the comparison suggests that the figures, as a measure of probable expenditure, are altogether too low. In Germany, the other heavily-armed Fascist dictatorship, the figures of State expenditure are not published. Whether the Italian policy of publishing official Budget estimates is noticeably more illuminating is obviously doubtful.

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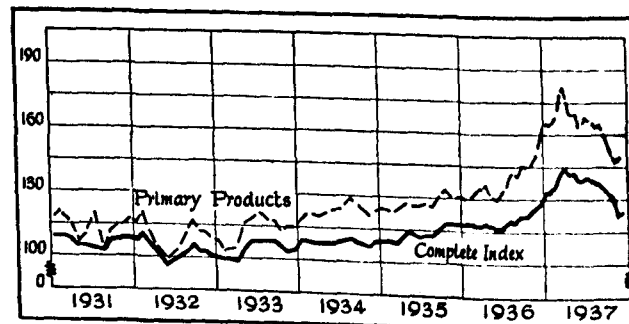
Wholesale Prices Steadier.—During the past fortnight the persistent fall in wholesale prices was arrested. The improvement finds reflection in *The Economist* price indices, which showed a slight rise for the first time since September 22nd. But whether or no the slight rise of the prices of a number of industrial raw materials and crude foodstuffs during the past fortnight is likely to mark a change of trend is still uncertain, especially as there is no evidence as yet of a resumption of large-scale forward purchases. Nevertheless, there has been a definite improvement on a number of important markets:—

SEPTEMBER 18, 1931 = 100

Date	The Economist Indices			Price of Gold (sterling)	U.S.A., Irving Fisher	France, Statistique Générale	Italy, Milan Chamber of Commerce	Germany, Statistisches Reichsamt
	British Complete Index (sterling)	Primary Products (sterling)	American (dollar)					
1932	99.5	103.5	84.1	136.9	88.3	91.3	88.5	88.1
July 27th 1933	106.1	120.6	124.7	145.7	100.9	86.7	86.2	86.6
July 28th 1934	106.5	124.8	136.7	162.4	113.2	81.4	83.2	91.1
July 18th 1935	112.7	126.7	146.2	165.6	120.2	75.9	96.2	93.9
July 31st 1936	118.7	140.4	157.2	163.4	120.6	86.6	111.4†	95.7
Aug. 19th 1937	119.4	141.9	163.2	162.7	121.9	88.8	111.4†	96.1
Sept. 30th 1938	121.8	144.5	169.7	165.0	121.8	96.4	112.5†	95.9
Oct. 28th 1939	123.6	145.7	161.1	167.1	122.5	102.1	114.8†	95.8
Nov. 25th 1940	126.3	150.9	172.0	167.2	124.8	106.9	...	95.9
Dec. 30th 1941	131.3	163.9	187.3	166.7	128.8	113.0	...	96.4
1937	134.2	164.2	184.5	167.0	131.0	115.9	...	96.7
Jan. 27th 1938	136.3	168.2	185.5	167.4	131.8	116.8	124.3	96.2
Feb. 24th 1939	144.3	181.9	199.7	167.4	137.3	121.8	126.2	97.6
Mar. 31st 1940	142.0	169.9	188.5	165.4	135.6	120.5	128.7	97.0
Apr. 28th 1941	142.4	168.7	184.4	165.3	135.6	120.2	131.3	97.2
May 19th 1942	142.7	170.2	178.9	165.6	134.3	119.8	133.2	97.5
June 2nd 1943	139.4	163.6	173.5	165.3	133.3	119.8	133.8	97.4
June 30th 1944	139.5	165.9	176.8	165.7	134.1	128.8	134.2	97.5
July 14th 1945	140.7	168.5	180.4	165.0	134.1	128.8	135.6	97.8
July 28th 1946	140.2	167.1	171.8	164.5	133.8	130.8	137.1	97.9
Aug. 11th 1947	139.3	166.8	171.1	164.2	133.3	131.3	137.0	98.1
Aug. 25th 1948	137.9	164.4	165.3	165.3	132.2	136.7	135.9	97.7
Sept. 8th 1949	137.4	165.1	166.9	165.1	133.7	139.4	137.7	97.6
Sept. 22nd 1950	136.0	164.0	166.3	165.1	130.2	139.9	140.5	97.4
Oct. 6th 1951	135.1	159.7	153.7	165.5	129.5	138.8	141.6	97.3
Oct. 20th 1952	133.6	156.2	152.3	165.4	127.4	136.5	141.9	97.3
Nov. 2nd 1953	131.9	152.7	147.2	165.8	124.8	134.5	142.9	97.0
Nov. 17th 1954	129.7	147.3	141.6	164.5	125.1	134.0	...	97.0
Dec. 1st 1955	127.5	145.4	138.9	164.8	122.2*	134.2*	143.3*	97.0
Dec. 18th 1956	127.8	146.7	137.5	164.6	122.2*	134.2*	143.3*	97.0

* These figures relate to December 8th.
† Monthly averages.

We publish below a chart showing movements in British wholesale prices since the depreciation of the pound in the autumn of 1931:—



Details of group movements in the complete *Economist* index number in the three most recent fortnights, with the figures for September, 1931, are given below:—

	The Economist Index (1927 = 100)			
	Sept. 18, 1931	Nov. 17, 1937	Dec. 1, 1937	Dec. 15, 1937
Cereals and meat	64.5	89.8	87.8	90.5
Other foods	62.2	65.5	64.3	64.0
Textiles	43.7	60.6	58.9	58.8
Minerals	67.4	96.4	95.9	94.9
Miscellaneous	65.8	80.6	79.3	79.2
Complete index	60.4	78.4	77.0	77.2
1913 = 100	83.1	107.8	105.9	106.2
1924 = 100	52.2	67.7	66.5	66.7

As this analysis shows, the rise of prices during the past fortnight was by no means general, but was confined to the cereals and meat group. Compared with a year ago, both our primary products and complete indices show a decline, which, in the case of the former, is substantial.

* * *

Trade Negotiations with Switzerland.—The Board of Trade, despite its laudable pre-occupation with the discussions for an Anglo-American Treaty, has recently found time to undertake a parallel, but more modest, task. Switzerland has for some time been desirous of negotiating a new commercial treaty with Great Britain. Her present treaty goes back to 1855 and ranks amongst the oldest which are still in force. A simple "most-favoured-nation" treaty, inspired by the English free-trade ideals of its time, it has served both countries well. In 1914 its benefits were specifically extended to the Dominions and Colonies. In latter years, however, the mutual promise of "most-favoured-nation" treatment has lost much of its original significance, owing to developments such as the exigencies of the Great War, the enactment of the McKenna Duties and the Dyestuffs Act, the revision of duties made by Switzerland in 1921 (supplemented later by heavy quota restrictions), the devaluation of the pound, and finally, Britain's resort to a general tariff. A revision of the treaty is overdue, though neither side wishes to renounce the most favoured-nation clause. In view of the relatively modest rôle Switzerland plays in Britain's foreign trade, far-reaching changes are scarcely to be expected from the present negotiations. These started recently in London, but have been adjourned, probably until January. It may be assumed that Switzerland is seeking tariff reductions on highly dutiable articles like watches, certain silk specialities and embroideries. The Board of Trade, on the other hand, is probably more interested in quota concessions than in the lowering of Swiss duties which are still relatively modest.

* * *

Prospects for House Building.—In a speech last Monday Sir Harold Bellman pointed out that approved plans for new dwelling-houses this year amounted to £54 millions, against £65 millions and £64 millions in the corresponding periods of 1935 and 1936. Sir Harold committed himself only to the comment that these figures were not severely discouraging.

Overseas Correspondence

From Our Special Correspondents

United States

Housing Proposals

NEW YORK, December 6.—The President's Message on housing proved to be a general outline rather than a specific project of legislation or administrative action. First of all, the President intends to facilitate the construction of houses costing \$6,000 or less by authorising mortgage loans up to 90 per cent. of the value, compared with 80 per cent. now available under the Federal Housing Administration. Secondly, there will be some broadening of the facilities accorded to individuals undertaking to erect dwellings or apartments to let. Thirdly, the President explicitly recognised the influence of building costs in stopping the recent housing recovery.

As far as the individual housing programme is concerned, it is doubtful whether the reduction in margin requirements from 20 to 10 per cent. will be a determining influence. It is said that few applicants for the F.H.A. mortgages have taken full advantage of the 80 per cent. permissive loan. Of the many bitter memories of the 1932 depression, perhaps the most numerous are not of speculation in the stock market but of home buying on an inadequate equity. Building to let, although not entirely absent in the existing F.H.A., was disproportionately emphasised in the Message. The real problem of building is costs.

The "news of the week," however, was not the President's building Message but the circulation of a special tax form by the Treasury applicable only to persons who reported \$100,000 of income in 1936. This requires them to present a complete inventory of all personal and real property, whether or not producing income, and on the basis of this figure to compute their personal "net worth" as at the end of 1936. No explanation of this questionnaire was forthcoming, and the almost exaggerated mystery which surrounded it has provided a fertile field for rumour and conjecture. The number of persons affected is, however, quite small. The Statistics of Income show the following figures:—

PERSONS REPORTING \$100,000 OF INCOME OR MORE

1914	2,348
1919	5,526
1925	9,560
1928	15,977
1932	1,836
1934	1,907
1935	2,264

There was undoubtedly an increase in this category by 1936; and the figures, of course, are complicated by the development of the Personal Corporation, abolished by the Loophole Act of last August. But, altogether probably not more than 5,000 individuals will be directly affected.

Having reached a deadlock on the Anti-Lynching Bill and on the Agricultural Bill, the Special Session of Congress is now concentrating on the Wages and Hours Bill, sometimes called the Black-Connery Bill. This has passed through many metamorphoses since it was introduced as the Black Thirty-Hour Bill some years ago. In one form it passed the Senate at the last Session, but stuck in the House Committee. It is now before the House, as a demand for a forty-hour maximum week and a forty cents an hour minimum wage, and even this is still in process of drafting.

In anticipation of maturities on December 15th the Treasury has offered two financing issues, both of which were very well received.

The Rôle of Taxation

Washington regarded the Anti-Lynching Bill as the most important item on the agenda, followed by the Agricultural Bill and the Wages and Hours Bill; while New York considers taxation, not on the agenda but likely to come up early in January, as most important. This mirrors a fundamentally different estimate of the current recession in business. By Washington it has been repeatedly described as a brief recession, disagreeable to stock market speculators, but of no great significance to the country. New York, or at least Wall Street, regards the situation as far more serious, containing at least the germs of a protracted depression. And Wall Street is convinced that taxation is one of the basic causes of the recession.

While the Tax Bill will not appear at the Special Session, its outlines are beginning to be visible. As things now stand, there is a fair prospect of the removal of the undistributed profits tax on small corporations—a very numerous group. Probably much more significant are rumours of some alteration in the status of tax-exempt securities. About \$50,000 millions of Government securities are more or less tax-exempt in the United States—that is, the income from these is wholly or partially exempt from income and surtax. Of these, about \$13,000 millions of Federal Government securities and \$15,000 millions of local government securities are totally exempt; and the remainder of the Federal debt is exempt for certain institutional holders. This exemption has represented a progressively important differential, as the income tax has been continuously increased since 1932, until, at the present time, capitalists with substantial fortunes are virtually precluded from investing in corporate enterprise.

In computing income-tax liability at present only taxable income is counted in calculating the normal tax and surtax rates applicable. Under the new proposal, taxable and non-taxable income would be added to discover the gross income and the surtax rates applicable to it. The effect of the proposal would not, of course, tax tax-exempt securities; it would increase the taxes applicable to persons holding mixed portfolios, and in instances would oblige them to liquidate their corporate holdings. Broadly speaking, any capital capable of bringing a return of \$100,000 or more will now yield a larger net return if invested exclusively in tax-exempt securities; and the process of forcing large estates out of corporate securities into Government securities has been a conspicuous phenomenon of the current year, particularly under the Loophole Tax Act of August. It is likely that, during the past decade, all U.S. manufacturing corporations have averaged only 2.8 per cent. of earnings on net worth. One may argue that this was an unrepresentative decade for statistical purposes; but the calculation does show the attraction of Government securities exempt from taxation compared with corporate securities not so exempt.

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France

Financial Recovery

PARIS, December 16.—The financial situation has eased considerably. Of the 15,000 million francs of fresh advances granted by the Bank to the Treasury last June, only 5,000 millions have been used. Yet 5,400 millions of 1934 bonds and 6,000 millions of the English loan have been reimbursed. The gold stock of the Bank of France has been increased by 3,000 million francs, and the Equalisation Fund has been reinforced. The rediscount rate of the Bank has been lowered from 6 to 3 per cent., and three months' rates have declined from 5½ to 2½ per cent. Treasury bond issues have increased by 1,000 million francs. The surplus of deposits over withdrawals at the public savings banks amounted to 400 million francs in August, September and October, and 200 millions in November; and 1937 will probably end with a surplus of deposits, compared with surpluses of withdrawals amounting to 5,170 million francs in 1936, 108 millions in 1935, 911 millions in 1934, and 317 millions in 1933.

The return of capital is, however, slower now than the industries have covered their needs up to the end of the year. Short term money is cheaper, but middle and long term money is still dear. There remain doubts about the recovery of the public finances and political stability—while the Socialists continue their campaign for control of the exchanges.

So long as financial recovery is not supported by an acceleration of economic activity, production and foreign trade, increasing internal debt will act as a brake on business and the Stock Exchange. The following table indicates the mounting debt:—

	August 31, 1936	August 31, 1937
Perpetual debt	50,532	50,038
Redeemable debt	192,264	202,113
Short-term debt	32,543	37,499
Floating debt	66,825	79,981
Agricultural credit debt.....	2,283	2,053
Posts, Telegraphs and Telephones Debt.....	10,585	10,265
Totals	355,032	381,949

There has been a capital increase of 26,917 million francs during the year, and interest charges have risen by 971 millions.

Railway Deficits

The new *Société Nationale des Chemins de Fer*, set up in August, will function from January 1, 1938. The 2,200 million francs of interest due on the accumulated railways deficit of 32,500 millions will remain included in the general charges of the public debt. Some 4,300 million francs of capital charges will be taken over by the State in 1938. The deficit on working, estimated at 3,000 million francs will be covered by a fresh increase in tariffs from January 1st of 0.08 francs per kilometre in fares and 20 per cent. in goods charges; provided that the co-ordination of rail and road is likely to produce economies in 1938 to the value of 300 million francs; that 490 million francs is incorporated in the accounts of the posts, telephones and telegraphs to cover the cost price of transport services rendered on their behalf; that the increase in wages and the price of coal does not exceed the estimate; and that the increase of charges does not cause a falling-off in traffic. Failing these conditions, the uncovered deficit might amount to between 3,000 and 5,000 million francs.

In 1935 the railway deficit was 4,393 million francs. This year it will be 7,300 millions—excluding the yield of increased fares and charges. The deficit has thus increased by 3,000 million francs in spite of an increase in annual receipts of 2,200 millions, between 1935 and 1937—an increase which will amount to 4,000 millions in 1938. This gap which has been brought about by the increase in prices and wages and by the introduction of the 40-hour week, which entailed an increase of between 20,000 and 100,000 in staff.

Recovery in Production

The index of industrial production (100=1913) has regained the level of last July, it stands at 100 against 98 in October, 1936, and averages of 98 in 1936, 94 in 1935 and 99 in 1934. All the components have advanced, except the figures for leather, building, and paper, which remain unchanged.

	(1913=100)			
	Oct., 1936	Aug., 1937	Sept., 1937	Oct., 1937
General index	98	91	97	100
Engineering.....	98	110	109	111
Iron and steel	89	90	103	107
Textiles	69	45	61	63
Mines (adjusted figures).....	103	74	99	105
Building (adjusted figures)...	57	53	51	51
Leather (adjusted figures) ..	100	90	89	87
Paper (adjusted figures)	151	112	130	130
Rubber (adjusted figures) ..	947	904	933	951
Motors (adjusted figures) ...	491	448	438	452

Wholesale prices in November registered a marked decline, whilst retail prices remain practically stationary. This trend is principally due to the slump in the prices of imported raw materials and foodstuffs, which was partially compensated by an increase in the prices of a few domestic products, and notably of meat. Retail prices will be influenced in the near future by the rise in the prices of bread and milk and by the increase of transport charges.

	Prices:				
	Nov., 1936	Sept., 1937	Oct., 1937	Nov., 1937	Dec. 11, 1937
Wholesale prices (1914=100)					
General index	473	617	611	590	594
Domestic products.....	504	630	641	636	638
Imported products ...	418	595	559	506	515
Foodstuffs	483	612	594	591	600
Industrial products....	466	623	627	590	590
Retail prices (1914=100)	534	642	657	664	*
Lighting and heating (1930=100).....	93.0	111.4	113.0	113.2	*
Clothing (1930=100)....	69.8	101.2	102.3	102.3	*

* Not available.

Unemployment showed last week a further increase of 5,133 to 337,983, compared with 332,850 in the preceding week, 305,341 at the lowest point of this year and 407,332 at the same time last year.

Germany

The League Criticised

BERLIN, December 14.—The departure of Italy from the League of Nations had no visible effect on German business, and the Bourse remained weakish. Official comment in Berlin treats the League much as German Ministers and the officially instructed Press have been treating it since 1933. If Germany's aversion in principle to League and to collective security against war seems to be militaristic and provocative, her repudiation of the League's actual record, which is certainly not the same as the League in principle, has good grounds. And the Germans, Italians, and Japanese may fairly say that they could not have killed the League unless the League had wanted to kill itself.

The Rump League, as it is called here, is regarded as an irritant and a danger. Observers are surprised that some British circles desire that it should be kept as the nucleus of more efficient world organisation in the future because it is clearly beyond Great Britain's capacity to organise a peaceful and stable Europe of a Europe that wants to be peaceless and instable. The cynical Continent sees in British devotion to the League and to collective security merely an expectation that certain countries will voluntarily help the Empire against the enemies that may threaten it.

Impounded Dividends

The long-awaited amendment of the Loan-Stock law of December, 1934, together with an ordinance to regulate the distribution of the already accumulated dividends, appeared last week. The amendment prolongs the Loan-Stock Law, which was originally enacted for three years, for another three years. This means that dividends

in excess of 8 per cent., and in certain conditions those in excess of 6 per cent., will be impounded, and administered by the Gold Discount Bank. The dividend money already impounded in the first three years of the law is to be refunded to the shareholders, as was promised in 1934, not in cash, but in an indirect way which will inflict on them considerable loss and yield a corresponding profit to the Reich. In effect, this step constitutes a forced loan bearing no interest.

The Reich will expropriate the interest-bearing securities (in the main municipal conversion bonds) in which the accumulation is invested, and will issue for distribution to the shareholders an equivalent in new non-interest-bearing tax-credit certificates. These certificates, like the originals first devised in 1932, will be valid for payment of taxes (except income tax) in the five financial years beginning April, 1941. The tax certificates will be negotiable on the Bourse; and the holder will therefore be able to realise them for cash. But as the certificates cannot be used for tax-payments before, on the average, five years, and will in the meantime yield nothing, they will be quoted at a considerable discount, probably in the vicinity of 20 per cent. The Reich will gain correspondingly by acquiring interest-bearing securities in exchange for those bearing none.

The number of companies that have contributed to the Loan-Stock is about 173. The sum impounded in the three years is, however, only about Rm. 90 millions. The smallness of the sum is due to the fact that the Loan-Stock Law influenced companies to declare low dividends. The undistributed profits went to strengthen the companies' finances.

A further government measure provides for recognition of private citizens' claims against organisations whose funds were expropriated after the Nazi Revolution. Hitherto, the position of these creditors has been ambiguous. The German Labour Front, which replaced the Trades Unions, claimed that it was not their legal successor and was therefore not liable for their debts. The Labour Front now becomes legal representative of the Unions, Dr Ley becomes trustee of their assets, and the claims will be settled under the bankruptcy laws. Creditors who lent money to the Unions "for political reasons" will not be repaid.

A measure of the Brüning Cabinet, whereby Germans who settle abroad must part with 25 per cent. of their capital, has been amended. In the financial year 1936-37, this tax brought in Rm. 70 millions. As the tax is payable on the mere act of emigration, without regard to the assets actually removed abroad, this yield reveals nothing about the amount of actual capital migration.

A return for March, 1936, of juristically independent Reich and state undertakings show these to have a total nominal capital of Rm. 17,131 millions. There are in all 285 concerns, mostly joint stock or limited liability companies. The Reich Railways Company and the Reichspost account for Rm. 15,190 millions of the capital. Of the remaining capital Rm. 605 millions is invested in public utilities, and Rm. 510 millions in industry and other profit-making undertakings.

Prospects for Agriculture

The condition of winter crops on December 1st was better than a year ago. The Food Minister, Herr Darré, has declared strongly in favour of the mechanisation of agriculture. The fat-cards system, introduced a year ago, has been prolonged, with some alterations. The Reich Commissary of Prices has concluded an agreement with manufacturers and traders for an 8 per cent. reduction in the price of home produced watches and clocks. The prices of textiles and yarns are being readjusted to meet the recent decline in raw material prices. In an elaborate analysis of world-market conditions, the Institute for Trade Research expresses the view that the prices of both inorganic raw materials and agricultural products in the coming months will be affected less by supply, which can in general be foreseen, than by the development of trade in the chief consuming countries, in particular in the United States.

The number of unemployed in November rose by

71,000 to 573,000, against 1,197,000 at the same date in 1936. The export demand for steel is stated to have slightly increased, but exports of machinery are stagnant, and in October they actually declined considerably. In the Four-Year Plan it is announced that great progress is being made with substitutes for shoe-leather and in the utilisation of wood as a raw material for the production of sugar and albumen.

Austria

Austro-Italian Trade

VIENNA, December 3.—Since 1934 the commercial relations between Austria and Italy have been based on the so-called Brocchi treaties, a triangle arrangement including Hungary, and ingeniously devised to evade all claims arising from the most-favoured-nation clause. Austria and Italy assumed the obligation to buy on favourable terms the surplus of Hungary's agricultural products, while Italy and Hungary opened their markets to numerous Austrian manufactured articles. Austria's most important articles, such as timber, paper pulp, paper, iron and steel, were admitted to Italy on fixed terms.

The results were favourable to Austria. Her exports to Italy, which were valued at 86.8 million schillings in 1933 and 95.4 million schillings in 1934, rose to 130 million schillings in 1936 and 117.6 million schillings in the first nine months of 1937. Austria's trade with Italy is showing an increasing export surplus, causing considerable difficulties of payment, which is regulated through a clearing institution. Italy was not able to cover the surplus, and was compelled to repatriate Austrian securities, Italian holdings of which now seem to be exhausted. By a new treaty Italy hopes to adjust the terms of trade with Austria.

Increased Sugar Production

The Austro-Hungarian monarchy was not only self-supporting in sugar, she was also prominent among sugar exporting countries. In 1913 the area of post-war Austria produced beetroot on 25,000 hectares, with an average yield of 242 quintals per hectare. The principal factories were situated in pre-war Bohemia and Hungary. Separated from Bohemia and Hungary after the war, Austria proper in 1919 had only 5,300 hectares under beetroot, and the average crop was only 140 quintals per hectare. Not even 10 per cent. of the low home consumption after the war (10 kilograms per head) could be produced in Austria. By systematic co-operation between agriculture and industry sugar production in Austria has since been steadily developed. In 1934, 50,000 hectares of Austrian territory—ten times as much as in 1919 and twice as much as before the war—were under beetroot, the average yield per hectare was doubled, and the crop amounted to more than 14 million quintals. The Austrian consumption per head rose to 26.3 kilograms, against 48.8 kg. in England, and the production of refined sugar for the home market to 1.5 million kg.

Employment, both of agricultural and industrial workers, the balance of trade and the balance of

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payments have all been improved by this development of sugar production. The number of agricultural workers employed in the culture of beetroot, which was 6,615 in 1923-24 (when there were 6,529 land-owning peasants), increased to 23,616 in 1937-38 (when there are 23,323 land-owning peasants). The number of seasonal workmen, traditionally imported from Czechoslovakia, and numbering 16,810 in 1931, was reduced to 3,116 in 1937 by systematically substituting the Austrian unemployed, specially trained for beetroot field work. During the first decade after the war Austria's home consumption, small as it was, could only be satisfied by yearly imports of 1 million quintals of sugar at an expense of about 60 million schillings, a heavy adverse item in the country's balance of payments. There is now only an insignificant import surplus of sugar of 6,500 quintals in 1936-37.

Beetroot culture was subsidised in the period 1929-33 out of the proceeds of the sugar tax. The beetroot producers, in return, were obliged to take over from the peasants in the mountains cattle for fattening, in order to lessen to their mutual advantage the great economic differences existing between the various groups of the Austrian peasantry. The burden of all those measures falls on the taxpayer and consumer. The sugar tax yielded 54.6 million schillings in 1936, and was one of the most important items in the Austrian Budget.

Czechoslovakia

Armament Expenditure

PRAGUE, December 5.—The Budget has been presented to Parliament. An increase in expenditure has been caused by the need for armaments. According to the statement of the Finance Minister, the sums which have so far been applied to defence amount to Cz.K5,830 millions. In the new Budget a further Cz.K4,458 millions is incorporated, some Cz.K2,098 millions in the regular Budget and Cz.K2,360 millions in the extraordinary one. In the ordinary Budget, expenditure amounts to Cz.K10,117.4 millions, and estimated revenue to Cz.K10,120.2 millions. State undertakings are expected to yield a revenue of Cz.K1,336.8 millions. The increase in the Budget, compared with last year, amounts to Cz.K1,663.6 millions. The extraordinary Budget amounts to Cz.K3,508.7 millions, and will be covered by credits. Of this total the sum of Cz.K2,360 millions is destined for national defence, and the rest for the capital investment in State concerns.

The national debt, according to the Budget statement, amounts to Cz.K47,094.4 millions, of which the external debt accounts for Cz.K8,251.6 millions. Debt service and amortisation will this year take up Cz.K1,852.2 millions. To cover the deficit of Cz.K1,153 millions on the Budget the Government proposes to introduce several new or increased taxes. A new contribution towards national defence has been instituted, and will be levied as part of the income tax; and a tax on extraordinary profits is to be paid by those undertakings which are now subject to the general and special trade taxes. Both these taxes are progressive. The taxes on artificial fats, beverages and artificial sweetening materials will be increased, while a new tax on rubber goods and rubber will be introduced. The stamp duty on playing cards is also to be increased, and a charge on cartel agreements will be made. Finally, the contributions and guarantees to stimulate private building granted by the State in previous years are to be partly repaid.

The increased expenditure on armaments has been accepted quietly by Parliament and the public. The estimates to cover this expenditure are stigmatised as causing an unfair distribution of the tax burden, which falls principally on industrial and commercial interests and on taxpayers with fixed incomes. The agricultural interests are almost entirely exempt from the new taxes. The Governor of the National Bank, Dr Englis, has

spoken of the necessity for money market regulation; and there are rumours of further taxation. All this has alarmed entrepreneurs.

Production and Trade Agreements

The index of wholesale prices declined at the beginning of October to 749 from 763 in July. The number of unemployed persons at the end of October was 237,400, against 441,679 a year ago. The production of pig iron and raw steel for the first ten months of 1937 attained a higher level than in the same period of 1929. The heavy metal and engineering industry is still fully occupied, and in the export industries there is also brisk employment. A slight decline or easing off, however, has lately been observed in some trades. The index of production in September stood at 97.8 (1929 = 100), against 99.8 in May.

Imports in the first ten months of the year were valued at Cz.K8,908.1 millions, against Cz.K6,019.7 millions a year ago; and exports at Cz.K9,733.7 millions compared with Cz.K6,268 millions a year ago. Compared with the first ten months of 1936, if devaluation is not taken into consideration, imports rose by 48 per cent. and exports by 55 per cent. The export surplus (precious metals excepted) amounts to Cz.K817 millions compared with Cz.K225 millions a year ago.

In addition to the commercial agreement concluded with Germany, a new agreement with Italy has been signed, and negotiations with France, Hungary, U.S.A. and Austria are shortly to be taken up. In the German agreement the relation between agricultural and industrial exports has been changed to the advantage of agriculture, in accordance with German policy, which has caused some uneasiness among the Czechoslovak industrialists. Among other things, a considerable export of wheat and flour to Germany has been agreed upon. To support these exports the National Bank has negotiated a credit of 100 million francs with the Bank of International Settlements to speed up payments for exported goods and eliminate exchange risks for the exporter.

On the money market an increased seasonal demand made its appearance in the autumn. Investment values were quiet on the whole, but industrial values, previously weak, showed a further rapid fall in the first half of October in reaction to the conflict in China, the decline on the world stock exchanges, and the slump in the prices of raw materials. The sharp fall in values was in no way substantiated by home conditions. The fall affected especially metal, engineering, sugar, coal, chemical and textile shares.

Spain

The Government Peseta

BARCELONA, December 5.—When the new Popular Front Cabinet was formed in May, 1937, the three portfolios of Industry, Commerce and Finance were merged into one, and Dr Negrin, the Prime Minister, took over the portfolio of the united Ministry. Since then all economic activities in loyal Spain, and especially export and import trade, have been subjected to an increasingly rigid control. According to Dr Negrin:—

The Government is taking the necessary steps to solve the problem of food supply. The collaboration of the public is necessary and the supervision of food distribution by the local authorities will be intensified to make profiteering impossible. One of the remedies will be the establishment of large stocks of foodstuffs and a co-operative system of sale to enforce the officially fixed prices. One of the reasons that has caused the increase in prices both of foodstuffs and manufactured articles has been widespread, although erroneous, ideas about the value of the Spanish peseta. Although we have had to spend large sums of money on the war, the astronomical figures some people imagine have not been reached. The intrinsic value of the peseta is now higher than before

the beginning of the war. The value given to our peseta abroad for commercial transactions does not mean anything; the only fact that counts is the reserve of the Spanish Treasury Department wherewith to guarantee its emissions. The note circulation is by no means excessive, and the fact that the peseta appears to be depreciated is a consequence of the measures taken against speculators. Moreover, the peseta was already depreciated under the governments prior to the outbreak of the rebellion. We shall obtain foreign currency not only by the sale of our fruit and other products of agriculture, but also by exporting quantities of manufactured goods.

This statement, while it may not show any profound understanding of the procedure and machinery of the foreign exchanges, at least indicates that, even after so long drawn out a campaign, there is no lack among Government spokesmen of confidence in their solvency and in the potentialities of their commercial policy.

Small Farmers

In the rural districts of loyal Spain farmers are working with great zeal, knowing that the soil they are tilling is their own property now. The enormous increase in rural property held by small farmers amounts to about 8,750,000 acres, excluding Aragon, where no expropriations have yet been made, and Catalonia, where special measures have been taken. The Government, through the Institute of Agricultural Credit, is assisting these small farmers, and the sums distributed amount to about 27 million pesetas to the syndicates and co-operative unions and 3½ millions to individual farmers. In addition, credits of 110 million pesetas have been given by the Institute of Agrarian Reform, which has also distributed 5,000 tons of seed corn and 117,000 tons of artificial manure. Although the system of co-operative farming is officially commended, legislation does not impose it, and every farmer is free to follow his own wishes in this respect without losing the right to obtain protection and financial help.

Spanish Potash

In former years the world's consumption of potash was supplied by the German mines. From about 1932, however, the Spanish production increased rapidly, rising from 22,363 tons (K₂O) in 1928 to 165,722 tons in 1935. But when the civil war broke out potash production rapidly decreased, and in September, 1936, it dwindled to 7 tons. The reason for this total annihilation of a once prosperous business was that, the mines (in the absence of their original owners, who had left the country) having been taken over by the Government of Catalonia, the former proprietors of the mines obtained from foreign courts an embargo preventing the delivery of potash exported from Spain to buyers. Thereupon, the Catalan Government brought an action, pending which exports of potash had necessarily to be discontinued, and, Spanish consumption being insignificant, work at the mines had to be practically stopped.

According to an official statement, the action brought by the Government against the representatives of the former proprietors of the mines has been decided in favour of the former by the Montpellier Law Court on November 24th. The embargo on cargoes exported to France has been cancelled. The interest in this decision is increased by the fact that a similar action is pending in England, where a cargo of Spanish potash has also been put under embargo. It is thought that the British Court may be guided in its decision by the same factors as the French Court, whose sentence was based on the following argument:—

The dispute is about an act performed within the sphere of sovereignty of the Government, direct or by delegation, and this act of sovereignty is beyond any criticism by the jurisdictional authorities of a country which has recognised the Government which performed this act.

If the embargoes are wholly removed, Spanish potash production will resume its former high rate of increase.

Lithuania

Disappointing Harvests

REVAL, December 7.—Of the three Baltic States Lithuania is the most agrarian, although even here there have lately been tendencies towards industrialisation. According to a report of the Bank of Lithuania, the yields of the last two harvests have been as follows:—

	1936 (tons)	1937
Rye	510,630	535,930
Wheat	175,350	172,120
Barley	199,970	230,620
Oats	271,410	359,580
Clover	1,287,000	550,000
Meadow hay	1,127,000	850,000
Flax	34,620	40,960
Linseed	32,660	37,880
Potatoes	1,828,630	2,102,190

The area under cultivation has increased from 1,598,670 hectares in 1936 to 1,626,050 hectares. The 1936 harvest was regarded as poor, and this year's yield cannot be regarded as satisfactory. The fodder harvest is particularly disappointing. Under the circumstances it will be difficult to abolish the prohibition on the export of grain which was issued in 1936. Meanwhile the prices of agricultural products have improved and the purchasing power of farmers has increased. The favourable flax harvest is, however, now considerably diminished in importance by the drop in prices. The plentiful potato harvest opens up possibilities for greater exports, principally to southern Europe. In addition the use of potatoes for the manufacture of spirits will be increased and new distilleries erected.

Lithuania's foreign trade usually shows a surplus of exports since the import requirements of the country have up to the present been comparatively small. This year, however, imports have considerably increased—by about 42 per cent. compared with last year, while exports have increased by only 7.8 per cent. The balance of trade for the first nine months is as follows (in million lits):—

	1936	1937
	(9 months)	
Imports	109.8	155.5
Exports	137.6	148.3
Balance	+27.8	-7.2

The increase in imports is mainly due to imports of machinery, metals, transport equipment and textile goods, which indicates that attempts are being made to modernise and extend home industry. The increase in exports is almost entirely due to the timber trade. Compared with the previous year there is an increase in trade with Germany as a result of the commercial treaty concluded in 1936. During the first nine months of this year Lithuania imported German goods to the value of 32.9 million lits, against 5.9 million lits during the corresponding period of the previous year, and exported to Germany goods to the value of 22.1 million lits, compared with 8.0 million lits. Imports from Great Britain for the same periods were valued at 44.7 and 42.9 million lits, and exports to Great Britain at 72.9 and 72.6 million lits, respectively.

Progress of Industry

Industry is at present well occupied; plans for increasing its activities are under consideration. Great attention is paid to the building industry, and wooden structures are gradually to be replaced by stone buildings. It is planned to erect new brick factories, whose annual production is to be increased from the present 60-70 million bricks to 400 millions, in order to economise in timber. Similarly, turf is to be more extensively used. In the year 1936-37 production of sugar in both the existing factories totalled 27,000 tons, which roughly represents the demands of the country.

The State is taking an increasingly active part in the country's economic development largely because of the

scarcity of private capital. Its participation extends to a number of banks, producers' associations, building companies, woodworking factories, sugar factories, printing works, electrical companies, flax factories, etc.: in most of these instances the State's interest exceeds 50 per cent. In Kovno a hotel is maintained solely by State aid, and a short while ago an automobile factory was founded largely with State capital.

After the reduction of import duties on motor vehicles the automobile trade has shown signs of increased activity. It is now proposed to allow the import of only certain types of commercial vehicles suited to Lithuanian road conditions; and every automobile dealer is advised to open up a repair workshop. At the same time greater attention is to be paid to road conditions: the existing sand-roads, with the exception of a few main thoroughfares, leave much to be desired.

Sweden

Depression Ahead?

STOCKHOLM, December 12.—The business world inclines more and more to the opinion that the time has come to face a period of depression, though it is generally felt that this will not have the same violent character as the depression between 1929-1932. The shrinkage of orders is spreading to a steadily growing section of industry, and although employment is still good at most works, recession is only a question of time. The Stock Exchange displays, on the whole, a downward trend, and investors as well as speculators are beginning to realise that there must be deeper reasons for declining quotations than repercussions from Wall Street and technically unfavourable stock exchange positions. Whatever the future may bring, Swedish banks and industrial enterprises are now far better prepared to meet rough weather than in 1929.

Industrial production is still running high, but, on the other hand, market reports for the main Swedish staple articles are far from favourable. The timber agreement reached last autumn, providing for a 10 per cent. reduction in export quotas, proved insufficient to stop the decline in the price of wooden goods, and the question of a further quota reduction will be raised. The present weakness must be ascribed to a large extent to exporters themselves, since they have shown too great eagerness to get rid of their stocks.

Reports from the pulp industry are at present rather discouraging. There are very few contracts for delivery in 1939, since paper producers are waiting for lower prices. A most disturbing factor in the pulp trade is the attitude of American importers, who to an increasing extent cancel their contracts at the slightest signs of a price recession. This treatment has aroused great indignation among Scandinavian paper and pulp exporters. Iron and steel works are still running at top capacity, but the shrinkage of orders will soon force producers to reduce production.

Employment is still satisfactory, and the number of unemployed, which usually undergoes a marked rise in the autumn, increased this October by only 2,200 to 12,000, compared with 24,700 in October, 1936. Agriculture and forestry are still suffering from shortage of workers, while the metal industry reports a steady demand for skilled labour. Progress has been made in labour negotiations, which affect practically the whole of Swedish industry. Settlements have still to be made in such important trades as engineering and the paper and pulp industries, but a number of other trade unions have already come to an agreement with their employers. Though in most cases substantial wage improvements have been secured, the turn of the tide has obviously induced labour leaders to preach moderation.

Expansion in Foreign Trade

Foreign trade is still expanding, as can be seen in the following table:—

FOREIGN TRADE (In million kronor)			
January-October, January-October,			
	1936	1937	
Imports	1,316	1,734	
Exports	1,210	1,603	
Import surplus	106	131	
TRADE WITH THE UNITED KINGDOM (In million kronor)			
	January-September, 1936	January-September, 1937	
Exports to U.K.	247	309	
Imports from U.K.	161	207	
Export surplus	86	102	

Wholesale prices are tending to move downward, and in November the Silverstolpe index recorded a further decline of 3 points to 137 (average 1913-14 = 100). On the other hand, the prices of consumption goods remained comparatively steady.

Letters to the Editor

New Model Army

TO THE EDITOR OF THE ECONOMIST

SIR,—Your very interesting article, "New Model Army," in the issue of December 11th, raises the question "whether the Cardwell System of 'linked battalions' is appropriate to the new conditions," adding that "Haldane wanted to abolish it thirty years ago." May I ask what is the authority for that statement? Haldane's immediate predecessor, Arnold-Forster, had tried to abolish it in favour of a system of a separate foreign-service army, fed from depots at home and on a long-service (pensionable) basis, with a very-short-service (two years) army for home defence; but the generals on the Army Council unanimously opposed him. When after a long struggle he intimated that he would use his constitutional power as Secretary of State to put his scheme through, it being then evident that "B.M.G." and there would be a General Election before the next estimates (1906/7) took effect, the generals agreed, as a farewell concession to a zealous and well-meaning but misguided Minister, that he should begin enlisting two-years' men for his Home Army. I forget how many of these men were recruited towards the end of 1905, but when Haldane took

over, almost his first act was to stop such enlistments, as he intended from the beginning to produce the best army the limitations of recruiting and finance would allow for service in Europe, if the clouds already on the horizon did not disperse.

The Army Estimates for 1906-7 were practically those he found in draft on taking office. His memorandum on the Estimates of 1907-8 announced his Expeditionary Force of four cavalry brigades and six infantry divisions, but did not mention the Cardwell system. His memorandum (February, 1908) on the 1908-9 Estimates discussed the whole question at length, as it then stood. He had asked me to give him a paper on its financial aspects and published it with his memorandum, under the title *Note on the Possibilities of Permanent Reduction in the Army Estimates by abandonment of the Cardwell System*. Its general conclusion was that, compared with any system of the two-armies and depot-drafting type which had then recently been discussed, to make a saving of about £2,190,000 on the Army Estimates (including the deferred reduction of the charge for the Army Reserve, but not the cost of pensions—a type of expenditure on which savings are very slowly realised) it would be necessary to cut down the Expeditionary Force to just half the size then being built up; and against this saving on British Estimates there would be a very

substantial increase in the cost to India of the then British garrison. In his memorandum to Parliament, Haldane wrote that, "two years ago (i.e., February, 1906), the present Government decided to uphold in its integrity the system initiated in 1869 . . . On this decision the military legislation of last session was based" (Territorial and Reserve Forces Act, 1907); and recorded his conviction that, for a given sum of money, no other system would give better results than a strict adherence to the Cardwell system.

There is no trace, in the recently published *Life of Haldane, 1856 to 1915*, by Major-General Sir Frederick Maurice, of any change in his views in the then conditions; and I was so far in his confidence throughout his War Office time that I cannot believe (unless very clear evidence is produced) that he would have deserted his officially proclaimed faith without further discussing the financial results with me.

Strictures on the Cardwell system, unaccompanied by a clear sketch of what is to succeed it, often make me wonder what exactly their authors think the essentials of it are. Very briefly, it was based on the following principles, of the truth of which painful experience had convinced generals of the Wolseley type whose thoughts travelled beyond the old "theatrical" army with "all its goods in the shop window":—

(a) The long-service pensionable, enlisted for twenty-one years, with nothing behind him but half-trained recruits, was very bad value for money in terms of fighting, under modern conditions.

[The still greater present strain of war, ideas of what an adequate pension is, and extraordinary prolongation of the pensioner's life as compared with the old reckless drinking type, have greatly strengthened this argument.]

(b) Some form of Army Reserve, i.e., men no longer in barracks, but who can be called back from civil life before they have forgotten their training, is essential under a voluntary system.

(c) The man trained in a combatant unit is far better fighting value than the product of a sedentary depot.

On these principles, the main lines of the structure erected were (taking the line infantry as the leading case):—

(d) The soldier to be enlisted for a first period of twelve years, a few specially selected men and n.c.o.s being allowed to "extend" for a further period up to twenty-one years, leading to life pension, while the great majority spent part of the twelve years with the Colours and the rest in the Reserve, with a daily retaining fee and liable to be recalled. The proportion of this reserve service, and the pay, varied according to the arm of the service, the proportion in each arm of men in overseas garrisons to men at home, the degree of liability to be recalled to the Colours and other considerations. All this was kept elastic, to meet varying conditions.

(e) The recruits of each regiment, after a short period at its depot for elementary instruction, passed to the home battalion and thence, after complete training, by annual drafts to the foreign battalion to replace men time-expired and casual losses. In this way the foreign battalion was always fit to take the field, while the home battalion had no pretence to be so without "mobilisation" by calling up the regiment's reservists and sending immature men, invalids, etc., back to the depot.

(f) Each line infantry regiment had two battalions at least (some had two pairs), of which battalions one went on foreign "tour" for a period of years, while the other stayed at home to "find the drafts," the two battalions of each pair exchanging these functions at intervals. Officers were moved systematically between home and foreign battalions. In practice, before Haldane, there were always more line battalions abroad than at home, the system of drafting for the excess abroad being covered by makeshift arrangements, which only applied to the particular regiments out of balance, and was thus a partial departure from theory, but not a breakdown of the system. Haldane restored the ideal balance, but was prevented by want of recruits and of money from keeping pairs of battalions at home to enlarge the Reserve instead of sending drafts abroad.

(g) Two battalions of a four-battalion regiment at home could form one battalion fit for active service by clubbing together their fully-matured men. More such battalions could be formed from single home battalions by calling up Section A of the Reserve, consisting of individual men who had just finished their Colour service and undertook, for a double retaining fee, to come up on emergency without a general proclamation. These measures met the objection that the system made no provision for a small force for minor emergencies.

It is true that since the Great War the world position

has changed so much in many ways that the best way of using the military strength we now possess may not be to send five divisions and a (mechanised) cavalry force to the Continent. It is also true that changes in equipment, mechanisation, tactics and other matters may have such effects on the internal organisation of units and the proportions of the several arms (old and new) of the Service that the special problems before Cardwell and Haldane may be replaced in future by new ones. But the system is very elastic and may be said in essence to reduce to this: (1) keep your fighting men young, and don't waste money on pensioners as far as you can avoid it. (2) Train your men in mobile fighting units rather than sedentary depots. (3) Give them the variety and experience of all (or at least the great majority) soldiering overseas, in peace and/or war, at every available opportunity. (4) Never forget that by making the training machinery necessary for young soldiers at home capable of being converted instantly into an organised field army, you are getting double value out of the same men and the same money; and that is the truest economy.

Viewed thus, I have still to find any clear explanation of what new features the future is bringing which make it wise to scrap the Cardwell system in favour of some other not adequately defined.

Cookham, Berks, December 14th.

C. HARRIS.

P.S.—The "linked battalions" were only a short phase sixty years or more ago, in the passage from the single-battalion regiments of antiquity to the double-battalion regiments of the Cardwell system; and their unpopularity in the Army (though they had great administrative merit as a stepping stone) still connotes such condemnation that this out-of-date title should be dropped.

[In reply to Sir Charles Harris we would point out that our article did not express any opinion on the Cardwell system, but only suggested that it should be re-examined. Nor did we intend to suggest that Haldane, after his assumption of office and the Government decision of February 1906, attempted to reverse this decision. It was, indeed, one of the conditions laid down by Campbell-Bannermann when Haldane took office that the Cardwell system should not be touched. As to his views before this decision was reached, we defer to Sir Charles Harris' greater authority.—Ed.—Econ.]



Corfe Castle, Dorset.

"There's no sweeter Tobacco comes from
Virginia and no better brand than the
'Three Castles.'"

W. M. Thackeray—"THE VIRGINIANS."

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THREE CASTLES
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20 FOR 1/4
50 FOR 3/3

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for a cigarette of such excellent Quality

New Model Army

TO THE EDITOR OF THE ECONOMIST

SIR,—There appears to me to be an inconsistency in the article headed as above, which you published in your last number. The writer applauds the change of Army Councillors and the Minister who carried it out, but at the same time himself refrains from saying that the new men can yet be adjudged better than the old, and he warns his readers against reaching any other conclusion. What, then, is there to applaud?

He states that our army has not been reformed to meet the new form of war, which he seems to assume is that type of defensive for which the French are preparing behind their Maginot line. But is there any more reason why we should now accept French doctrine as being correct than we did prior to 1914? May it not be just as wrong as it was then?

The seizing of the initiative in war has always been, and is likely to remain, of vital importance. The ways in which it can be done are not always the same. It may conceivably be achieved by the adoption of a defensive attitude, but to construct an army and train it for this would be to take a very great risk. Such an army would surely be like a chained watch dog.

The lessons of the North-West Frontier of India over three-quarters of a century show how indecisive a consistently defensive attitude can be. The growing crescendo of apprehension which afflicted our army while we awaited the German attacks of 1918 is not an experience to which it would seem wise deliberately to prepare to expose even the British Army.

Yours faithfully,

J. R. KENNEDY.

Parliament and Population

TO THE EDITOR OF THE ECONOMIST

SIR,—I never realised how unintelligible our procedure must be to those who are not Members of the House of Commons until I read your note on Sir Arthur Salter's letter in your current issue.

If those of us who desired drastic revision of the Population Bill had contented ourselves on second reading with criticism of detail without opposition in the division lobby, we should have been put off on the Committee stage with minor amendments that would not have gone to the heart of the matter.

Government Bills are never killed on second reading. If there were the least chance of that happening, their Whips would forewarn the Minister concerned and he would get up before the vote was taken and announce concessions which he had assured himself in advance would be sufficient to turn the scale.

Yours, etc.,

House of Commons, F. W. PETHICK-LAWRENCE.
December 13, 1937.

TO THE EDITOR OF THE ECONOMIST

SIR,—I am reluctant to continue a discussion on the Population (Statistics) Bill, now that the Government amendment has both admitted the force of the criticisms and made them obsolete. I must, however, protest against your Note that "It is really not open to those who, like Sir Arthur Salter, voted against the second reading, to claim that they had the interests of statistical enlightenment at heart."

Why not? I took the view, for reasons I have given, that the Bill, in anything like its original form, would do real damage to the interests of future statistical research. There was no hope of such radical amendment as is now being made except on the motion of the Government, who held out no prospect of more than minor changes during the debate. The Bill was a Government one with the Whips on and the chances of the Bill being lost were less than those of its passing into law without substantial change—unless immediate and sharp protest was made by the House of Commons. This was made, and it has proved successful, and, as a small contribution to it, an adverse vote by an independent member was certainly legitimate and consistent with his view that a Bill in what will now be its form was more in the interests of economic research.

That, anyhow, is my view, and a tenable one. You are quite entitled to have a different opinion, but not, I suggest, upon the facts, to deny either the sincerity or consistency of my action.

I am, Sir,

All Souls College,
Oxford.

ARTHUR SALTER.

[Of course, we do not question either Sir Arthur Salter's sincerity or his consistency. Our point was that a vote against the Bill on the score of its detailed imperfections (almost all of which were in the Schedule) was a very dangerous form of protest. In addition, we believe that the opponents of the Bill in its original form very greatly exaggerated the objection which the public would, in the event, take to the questions which would actually be asked them.]

It is true (or almost true) that Government Bills always get their second reading. But if the Government majority is small on the second reading of a Bill which is not one of their major political measures, it may be withdrawn. By general report, this almost happened to this Bill, and, if it had, every vote against it would have helped to keep the population problem in a statistical twilight.

Why should it be assumed that the Bill could not be drastically amended in Committee? On a non-party matter of this sort, with a large proportion of members hostile to the Bill, it would surely have been possible to carry all the amendments that were necessary. Would Mr Pethick-Lawrence hold that Government Bills never have their schedules drastically amended in Committee, even when there is much less opposition to them than there was to the Population Bill?—Ed. Econ.]

British Banking Principles

TO THE EDITOR OF THE ECONOMIST

SIR,—The distinction which Mr Herszberg draws between current and deposit accounts is highly unreal, so far as this country is concerned. So, too, is his discussion of whether the banks would be able to make loans at all, if their deposits consisted solely of current accounts; though even here the answer is that they would, for it is not usually considered necessary for demand deposits to be invested 100 per cent. in liquid assets. The Swedish bank law of 1933 requires banks to hold "readily realisable assets" only to the amount of 25 per cent. of demand liabilities. In Switzerland, under the law of 1934, liquidity requirements vary according to the ratio of short-term liabilities (those maturing within a month) to total liabilities, but in no case need liquid assets exceed 50 per cent. of short-term liabilities. In England, where banking is far more concentrated, and where the last bank failure is a very remote event and confidence thus runs high, a case could be made for at least as small a ratio of liquid assets to demand liabilities as in Switzerland.

With regard to the liquidity of bank investments, the position has, of course, changed a lot since the Macmillan Report was written. As far as concerns the general concept of liquidity, almost any bank asset except a bad debt can be realised if the bank is pushed to it and does not mind sustaining a loss. But an asset, the immediate realisation of which would involve a capital loss of 10 or more per cent. cannot be deemed particularly liquid.

Yours faithfully,

A. M. ALLEN.

London.

POINTS FROM LETTERS

Conspiracy in France.—If your Note of November 27th, about the *Cagoulauds*, had been written from France you would have headed it "A Red Herring" not solemnly "A Conspiracy in France." The Paris edition of an American journal remarked "Paris's irrepressible midinettes, on Saint Catherine's Day, exploited the topic in song and in millinery." That is about all it is worth.—J. Sicot, Vendée, France.

"Setback in Employment."—With technical progress, the rate of employment is no longer parallel to the rate of production. The report of the Import Duties Advisory Committee on the Iron and Steel Industry is categorical: "the rapid advance of mechanisation, and concentration of production . . . brings with it a decline in the numbers required for the existing output of the industry." In the sheet trade "methods of manufacture are changing rapidly. . . the whole output of plates and sheets could be replaced by a very few mills of the magnitude of that now in process of erection at Ebbw Vale, with a very large reduction in the numbers employed." In the month of November, when employment fell, the production of steel reached a new record.—J. Sicot, Sables d'Olonne, France.

Books and Publications

The American Melting Pot

ABOUT two-fifths of the population of the United States consists of the "foreign-born," their sons and daughters, and of negroes. The "minority" population which forms the subject of this book* is, perhaps, proportionately even greater, since it may include even members of the third and later generations of the foreign-born. The minority population is, however, declining, not only statistically by the cutting off of further recruitment by immigration restriction, but culturally by assimilation into the majority. Is this assimilation to be approved and encouraged, as most Americans have hitherto assumed?

Drs Brown and Roucek, of New York University, after surveying the evidence obtained from various specialists in sociological studies, and from thirty contributors each representing a different minority group, decide that the "melting pot" should be regarded as a myth and a dangerous delusion. They well recognise, of course, that much cultural fusion is being effected by such common institutions and amenities as the school, the automobile, the cinema and the radio; and particularly by the economic progress of the older-established minority groups and their tendency to move into the more well-to-do sections of the majority. But only these older-established groups have come anywhere near to losing their identity. The newer groups retain even their outward differences.

Assimilation has, in general, failed among minorities which are of recent arrival; socially unacceptable (e.g., the negroes); large in numbers; or mainly composed of Roman Catholics, former peasants and illiterates, or victims of tyranny in Europe. All these circumstances and conditions have in varying degrees made for the internal cohesion and preservation of the groups. Members of different nationalities—generally of the same economic status, sharing the same domestic habits, modes of thought, national traditions and ceremonial usages—have congregated together and formed distinct settlements served by their own churches, newspapers and benevolent societies. Or they have combined together in a defensive reaction against American customs and institutions, which they regard as bewildering, difficult, or even oppressive.

But even if the assimilative forces do not complete their work until the lapse of generations, they cannot but have some effect at once. On the actual immigrants their influence is generally slight or superficial, but the children of immigrants soon begin to speak, think and behave in what appears to them the American way. This Americanisation of the second generation is the product of only two factors, the school and the street—mainly the latter; but it is sufficient to open a gulf between parent and child, and to produce a mutual unintelligibility, not only of ideas and standards, but often also of the actual languages used. Parental control therefore tends to break down, and we have the high rates of delinquency and crime for which the second generation of the foreign-born is so notorious. Delinquency and crime are also functions of the income level: they have been high amongst each in turn of the main immigrant groups during the initial stage of its residence in the slum areas of the large cities, and have then declined with the subsequent economic progress of the group.

With high crime rates are associated numerous other social problems and a great deal of personal unhappiness. The conditions responsible for such evils seem also to have led to a widespread apathy among the newer immigrant groups towards civic affairs in general. These groups do not participate in the full range of

customs, ideas, institutions and amenities of American life; and the limitations of both their material and spiritual environments often lead to cultural stagnation, if not decay.

Consideration of such problems leads Drs Brown and Roucek to urge a policy of *cultural pluralism* in opposition to assimilation. Not only do they argue that to afford shelter and support to the minorities' own customs, languages and traditions would do much to arrest personal demoralisation, but also that the preservation of such variety would enrich the whole of American life. Each minority has a distinctive contribution to make to America, and the task of America's educational and social agencies is therefore to promote those feelings of tolerance and respect, for and among all the minorities, without which their contributions cannot truly fructify.

Shorter Notices

"Introduction to the Theory of Employment." By Joan Robinson. Macmillan. 127 pages. 4s. 6d.

Little more need be said of Mrs Robinson's latest book than that it is as lurid and stimulating as the best of her previous writings. Briefly and to the point, she explains, in terms of Mr Keynes' *General Theory*, why the modern economic system fails to provide employment continuously for all who want it. The key to Mrs Robinson's exposition lies in the causes and consequences of changes in investment and in the desire to save. As usual, the author is especially effective in exploding fallacies, and the passages on hoarding, thrift, the supposed remedies for unemployment, and on economic nationalism are excellent examples of her clear and incisive thinking. She explains why authorities are inclined to use their influence to prevent trade conditions from becoming "dangerously good"; why "a revival of trade is always in danger of cutting its own throat"; how "the policy of forcing down prices, even if it is successful in the end, leads to much loss and suffering and social injustice"; and how, as things at present work out, the chief function of the rate of interest seems to be "to prevent full employment from ever being attained." The rate of interest is simply the payment for lending money; but the rhythm of investment is the main force governing the cycle of trade activity and "a long-run fall in the rate of interest would do much to stimulate private investment, while an extension of public investment could make up for its deficiencies; and a drastic policy of redistribution of income would increase consumption, and reduce the amount of investment necessary to preserve a reasonable level of employment." This brilliantly simple book is addressed to the layman and novice; but the high priests themselves might profit from its reading.

"A Survey of the Social Structure of England and Wales." Second Edition. By A. M. Carr-Saunders and D. Caradog Jones. H. Milford. 235 pages. 10s.

In its first edition this book, which collates with terse and lucid comment all the available facts about population, industrial status, social classes, the national income and capital, education, the social services, insurance, poverty, crime and the nation's intelligence became a standard authority. The revised second edition, brought up to date in its statistics and largely rewritten in the light of new knowledge and argument, is an even better and more useful book. The bookshelves of few intelligent persons can be complete without it.

Books Received

The Lessons of Monetary Experience. Essays in Honour of Irving Fisher. Edited by A. D. Gayer. (London) Allen and Unwin. 449 pages. 12s. 6d. net.

This England. Selected by V. S. Pritchett, with Illustrations by Low. (London) New Statesman and Nation. 10 Great Turnstile, W.C.1. 78 pages. 1s. net.

The Preparation of Empire Hides and Skins. By J. R. Furlong. (London) Imperial Institute, S.W.7. 126 pages. 3s. 6d. net.

Statistical Year-Book of the World Power Conference. Edited by F. Brown. (London) Central Office of the World Power Conference, 36 Kingsway. 132 pages. 20s. net.

* "Our Racial and National Minorities," edited by F. J. Brown and J. S. Roucek: New York, 1937; Prentice-Hall Inc.: 877 + xv, \$5.00.

MONEY AND BANKING

The Future of Australian Banking

MR LYONS' Government has begun to implement the report of the Royal Commission on Australian banking and currency, with a measure to attach a mortgage banking department to the Commonwealth Bank. In Australian banking circles, discussion of the report has largely crystallised round the vigorous criticisms expressed by the Bank of New South Wales in its Circular of last August. The Circular attacked, among other things, the proposal to set up a special mortgage bank, mainly on the ground that rural property-holders could borrow more safely and cheaply from the existing trading banks. But the main objects of its criticism were the recommendations concerning the relation of the Government to the central bank, and the latter's control over the London funds and cash reserves of the trading banks.

The Commission held (and few will disagree) that the Government and Parliament are in the end responsible for monetary policy. Therefore, the Commission argued, in the event of irreconcilable differences, the Government should assure the Bank that it accepts full responsibility for any proposed policy, and is in a position to take, and will take, any action necessary to implement it. "It is then the duty of the Bank to accept this assurance and to carry out the policy of the Government." The Bank of New South Wales believes that the Commission had in mind legislative action, and that the central bank should therefore be safeguarded by statutory checks—for instance, minimum reserves against currency—to which it could appeal if the Government insisted on a profligate policy. The Commission had recommended that the statutory minimum of 25 per cent. reserves in sterling be abolished in favour of a maximum note issue (say £60 millions), subject to the Bank's right to exceed the maximum by a stated amount (say £10 millions) with the consent of the Commonwealth Treasurer.

The merits of this proposal are perhaps a matter for argument. The minimum reserve ratio, however, is logically hard to reconcile with the thesis, accepted alike by the Commission and by the Bank of New South Wales, that stability of internal economic activity rather than stability of external exchange relations should be the primary guide to Australia's monetary policy. On the wider issue, it would surely be regrettable if discussion of this section of the report were limited to questions of legislative action. The Commission themselves used an unhappy phrase in describing the Government as "the executive of the Parliament." The Government must indeed have the confidence of Parliament, but a wide range of monetary and other policy comes within the executive sphere proper, not the parliamentary or legislative sphere. The Commission's views are indeed rather foggy; for while their arguments lay stress on parliamentary responsibility, their conclusions leave the power with the Treasurer. The issue is thus in essence one of Australian politics rather than of Australian banking, for it involves speculation on the question whether, in some future monetary crisis, the rapidity of executive action or the ponderousness of legislative action would be the more valuable to Australia.

Naturally, the more the trading banks fear Government domination of the central bank, the more closely they scrutinise the powers proposed for the central bank over themselves. The Commission recommended that the existing exchange mobilisation agreement, whereby the trading banks undertake to furnish the Commonwealth Bank with the sterling necessary for the public debt service, should be extended to allow the Bank to build up a London reserve at a minimum rate of £500,000 sterling a month. The Bank of New South Wales has retorted that the London funds of the trading banks are essential to their ordinary banking and

exchange business, and that the Commission has not sufficiently differentiated between this portion of Australia's sterling assets and the portion representing national monetary reserves. The same sterling assets, however, serve both a national and a private banking purpose. The prime necessity would seem to be to ensure that the national interest has priority. The Bank of New South Wales relies on the existing voluntary co-operation (whose importance certainly should not be underestimated) between the trading banks and the central bank and on a plan for putting Australia on a definite sterling exchange standard by requiring the Commonwealth Bank to buy and sell sterling at fixed marginal prices (say, £A124 and £A126 respectively). This plan, it is claimed, would enable the Bank to build up a "national" sterling reserve from the only resource, barring fresh loans, which is now available—namely from surpluses on Australia's balance of payments.

This important proposal clearly implies two conditions: first, that the central bank should possess the means to pay out sterling at the upper limit; and, second, that the trading banks should have an inducement to sell sterling at the lower limit. The first condition would appear to make the acquisition of considerable London funds by the Commonwealth Bank a prior necessity. As to the second, the trading banks might be expected to sell provided that the margin of profit in holding sterling instead of Australian assets was small or negative, and that there was no probability of a subsequent reversal of the movement and a shortage of sterling. Critics of the Bank of New South Wales's views are frankly sceptical on both these points. Short money earns more in Australia than in England, but the outlets for it are restricted, and the trading banks' sterling assets include medium-term Government securities which count as liquid reserves against liabilities in Australia. And a rebound of the exchange would be a natural expectation when the Commonwealth Bank was known to be anxious to build up sterling reserves and was therefore unlikely to sell back sterling until the opposite statutory limit was reached.

The Bank of New South Wales's argument, however, must be related to the bank's views on the internal powers of the Commonwealth Bank. The Commission proposed to authorise the Commonwealth Bank, with the Treasurer's consent, to require the trading banks to deposit with it a uniform minimum percentage—variable from time to time—of their deposit liabilities. This recommendation is criticised on the ground that it would enforce control, not over the total of the banks' reserves against deposits, but over the form of those reserves—whether Commonwealth Bank deposits or cash or London funds; and that it would therefore be capable of compelling individual banks to part with sterling. The Bank of New South Wales leans on open market operations as the proper means of central bank control over trading bank reserves and over the credit policy based on them. It lays special stress—as did the Commission itself—on the need for developing a broad market for Australian Treasury bills. These views, together with the plan for sterling exchange, envisage a flexible system in which economic forces would have the freest play and legal compulsion be reduced to a minimum.

The principle of this theme demands the greatest respect, but its details appear to rest to some extent on an exaggerated parallel between Australian and English conditions. It may be seriously questioned whether the market for Government securities in Australia is yet wide enough to bear the impact of open-market operations without disturbingly large fluctuations in values. There

is no specialised short-term money market to absorb Treasury bills. The banks, which pay 2 per cent. to customers on three-months' fixed deposits, themselves indirectly compete with Treasury bill issues—a fact for which the Commonwealth Bank, as controller of the largest savings bank, must share responsibility. The commercial banks permanently hold large stocks of "foreign exchange." The reserve against currency and against international deficits takes the form of the same foreign exchange, of which the central bank is—or was until recently—in short supply. There is no adequate market in exchange futures to relieve the banks of the need to hold large permanent reserves of exchange.

These and other contrasts with the position in London tend to vitiate conclusions which are not firmly based on the peculiar conditions of Australia. And the latter considerations were obviously present to the minds of the members of the Commission. The Commission's recommendations, moreover, carry extra weight at the present time for a reason which is political rather than financial. The inquiry was Mr Lyons' response to Labour agitation for drastic banking reform. If his Government falls short of implementing the resultant report, a Labour successor might not unjustly claim a right to go as far beyond it, and it would certainly do so, unless it were restrained by a lively and informed public opinion. And Labour command of both Houses at Canberra cannot be postponed indefinitely; it may not, indeed, be many years distant.

Financial Notes

The New Standstill Agreement.—As has been generally anticipated, the standstill agreement with Germany has been renewed on much the same terms as before. There are, however, one or two small improvements on points of detail. First a scheme has been introduced for improving the quality of those standstill credits not at present being used to finance trade. As in the case of unavailed lines, credit lines embraced in this scheme can be availed in future only by bills drawn for financing international trade. They may not be used for the purpose of creating foreign exchange or for financing inland business. All such bills will be paid off at maturity, and the credit lines will only be available again for similar business. It is realised that the scope for this scheme is limited by the fact that much of Germany's foreign trade is conducted by means of clearing agreements, but the creditors' delegates hold that the scheme will be one of real benefit to creditors. It is also provided that in the case of credit lines guaranteed by the Golddiskont Bank, the bank will now become the sole debtor in cases where the original debtor has ceased to exist or has been relieved of his obligation. Payment will be made of an amount equal to 10 per cent. of the Golddiskont Bank's guarantee outstanding on February 28, 1938, when the existing agreement expires. Credit lines unavailed for at least two years are to be cancelled. It is pointed out that by September 30th last the total amount of the credit lines had been reduced to Rm. 1,010 millions, of which Rm. 941 millions was availed of. Rm. 87 millions of the total credit lines was then guaranteed by the Golddiskont Bank. Conversions into registered marks between March 1, 1933, and September 30, 1937, amounted to Rm. 2,064 millions. Thus the problem initiated by the first standstill agreement of 1932 is gradually being reduced to manageable proportions, though at the cost of heavy loss to those foreign creditors who decided to accept payment through the operation of the registered marks scheme. The main difficulty to-day is that of combining the provision to Germany of the normal form of international short-term finance with Germany's maintenance of exchange restrictions and desire to conduct the bulk of her external trade by means of clearing and compensation agreements.

Bank for International Settlements.—The Board of the Bank has elected M. Roger Auboin as general manager of the bank in succession to the late M. Quesnay. M. Auboin has had a lengthy experience of central banking, because from 1929 to 1935 he acted as technical adviser to the National Bank of Rumania, for the purpose of supervising the Rumanian stabilisation plan. He has also served as a member of the General Council of the Banque de France and since June 30th last as Secretary-General at the Ministerial Committee of National Economy. In connection with M. Auboin's appointment it has been suggested that in 1930 a promise was made to Germany that when the time came to appoint a successor to M. Quesnay, that successor should be a German. The problem of meeting various national interests always exists over the appointment of the higher officials of the B.I.S., but the many fundamental changes since 1930, both inside and outside Germany, must have deprived such an undertaking, even if given, of all significance.

* * *

The Bank of Scotland.—The directors have decided to abolish the present liability of the stock-holders to a further call, and at the same time to issue fresh capital. The present issued capital amounts to £2,250,000, £1,500,000 of which is paid up and £750,000 is callable. It is proposed to offer to existing stock-holders stock to the total amount of £150,000, £100,000 paid up, at a price of £440 for each £100 of paid-up capital. This will raise the bank's total capital to £2,400,000, £1,600,000 paid-up. It is proposed to transfer to the reserve fund £340,000, representing the premium on the new issue, and £110,000 from undistributed profits. This will raise the reserve fund from £2,350,000 to £2,800,000, and it is proposed finally to apply £800,000 of the reserve fund to the cancellation of the uncalled liability on the issued stock, both old and new. Assuming the present rate of dividend is maintained, the nominal rate of dividend will have to be reduced from 18 to 12 per cent., as henceforth the stock will be fully paid instead of two-thirds paid. Judged from the present ratio between capital and reserve of £3,850,000 and deposits of £37.6 millions, the bank is not in need of fresh capital, though it will incidentally obtain £440,000 in new cash from this operation. Its greater significance lies in the decision of the directors to abolish the stock-holders' present liability to a further call. In the early days of joint-stock banking this afforded some margin of protection to depositors. To-day it has become an almost complete anachronism, whose only effect is to impair to a very slight degree the value and marketability of bank shares.

* * *

Bank of London and South America.—Recent events in South America have imparted to Lord Wardington's speech at this year's annual meeting of this bank an unusual amount of interest. The first point of importance was the likely effect of the recent set-back in commodity prices upon South America's export trade. Lord Wardington felt bound to warn his shareholders that both export and internal trade were already being affected by such factors as the heavy decline in the prices of metal and cotton, and he particularly instanced Chile and Peru. Lord Wardington naturally devoted a fair amount of his speech to recent developments in Brazil. The principal motive behind the Government's new policy, namely, the freeing of the coffee trade and the abandonment of the former policy of deliberate destruction, had much to commend it. Lord Wardington also discussed the possible reactions upon other coffee-producing countries. The decision to suspend the service of the external debt pending re-examination of Brazil's obligations was consequential upon the abolition of the official exchange quota, and Lord Wardington made no further comment upon this important point. He was not seriously exercised by the new Brazilian decree affecting

the position of foreign-owned banks. A somewhat similar clause, he recalled, appeared in the constitution of 1934, and he to-day expected that the bank would receive equitable treatment in the future. In discussing the bank's own experience, he alluded both to the increase in the bank's general business, and also to the benefits derived from the appreciation of most South American currencies in terms of sterling. The outlook, he concluded, depended upon conditions in the British Empire and the United States, and he therefore laid considerable emphasis upon the discussions now in progress for an Anglo-American trade agreement.

* * *

Martins Bank.—Sir Richard D. Holt, a deputy Chairman of Martins Bank since 1934, has been appointed Chairman in succession to the late Mr E. B. Orme. Sir Richard has also been elected to a seat on the London board. His appointment marks the culmination of a long family connection with the bank, for his grandfather, Mr George Holt, was one of the first directors and founders of the bank in 1831, and his father, Mr Robert D. Holt, served as both deputy chairman and chairman of the bank. Sir Richard himself is a well-known Liverpool shipowner, and is also Chairman of the Mersey Docks and Harbour Board. In view of the bank's close connection with commerce in Liverpool, instanced by the fact that the bank's former name was the Bank of Liverpool and Martins, Sir Richard Holt's appointment as Chairman is peculiarly appropriate, and will be to the advantage both of the bank and the industrial and commercial interests which it serves.

* * *

Irish Banks' Returns.—The returns for the banks operating in the Irish Free State for the September quarter, published by the Currency Commission, are as follows:—

(£ thousands)

	Sept. quarter, 1936	June quarter, 1937	September quarter, 1937		
			In I.F.S.	Else-where	Total
Liabilities:—					
Capital, reserves, etc.	17,429	17,363	10,212	7,177	17,389
Notes in circulation	8,755	8,968	5,133	3,750	8,883
Current deposit and other accounts	163,695	164,246	116,362	44,593	161,285
Other liabilities	4,798	5,869	2,988	2,237	5,225
Total	194,677	196,445	135,025	57,757	192,783
Assets:—					
Cash and balances with London agents and other banks	13,504	12,951	4,668	6,867	11,533
Money at call and short notice	10,603	10,572	6	10,448	10,454
Bills	6,245	6,815	5,410	1,180	6,590
Loans and advances	67,306	69,640	45,623	24,607	70,230
Investments:—					
(a) Government	79,425	77,719	3,494	72,164	75,658
(b) Other	8,943	10,756	3,654	7,040	10,694
Other assets	7,650	7,990	3,087	4,532	7,619
Total	194,677	196,445	65,943	126,840	192,783
Excess of assets outside I.F.S. over liabilities outside I.F.S.	71,969	71,064	...	...	69,083

The marked decline in deposits is the result of withdrawals from the banks to take up some of the new capital issues floated during the year, to provide more working capital in view of the rise in agricultural prices, and, partly, it is to be feared, to use existing savings in order to tide over bad times. The increase in advances is also a reflection of the rising agricultural price level, and is probably greater than the figures indicate, since many old advances have recently been repaid. It appears that the banks are carrying £500,000 of Free State Government bills which represent short-term borrowing by the Exchequer. The decline in the net sterling assets suggests that there has been a flow of funds outwards from the Free State, and this suggestion is corroborated by the statistics of external trade which demonstrate that the balance of trade is becoming more unfavourable.

The Money Market.—Money has remained easy in spite of further heavy Christmas currency withdrawals from the banks. Short money is now available at $\frac{1}{2}$ per cent., and in practice is being lent solely against bills, as bonds are now being held against money borrowed into the New Year. Loans into January now cost 1-1 $\frac{1}{4}$ per cent.

	Nov. 25, 1937	Dec. 2, 1937	Dec. 9, 1937	Dec. 16, 1937
Bank rate	2	2	2	2
Clearing banks' deposit rate	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Short loan rate:—				
Clearing banks	1-1 $\frac{1}{2}$	1-1 $\frac{1}{2}$	1-1 $\frac{1}{2}$	1-1 $\frac{1}{2}$
Others	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Discount rates:—				
Treasury bills	$\frac{1}{2}$	$\frac{1}{2}$	nom.	$\frac{1}{2}$
Three months' bank bills	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$

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

Bill rates have been variable, but are lower than a week ago. The average tender rate dropped between December 3rd and 10th from 18s. 2.16d. to 15s. 8.9rd. per cent. The banks have bought a few February and early March Treasuries at $\frac{1}{2}$ per cent., but the market are not keen sellers, as some members believe there will not be any serious pressure at the end of the year.

* * *

The Foreign Exchanges.—The London Market has been very quiet, but the Paris exchange is rather weaker, mainly owing to various statements in the French press concerning the general French economic outlook. The spot Paris rate has weakened from Frs. 147.06 to Frs. 147.30, and the French authorities have had to sell some of their foreign exchange in order to prevent a further depreciation. Three months' francs have also widened from Frs. 2 $\frac{1}{2}$ to Frs. 4 $\frac{1}{2}$ discount. The New York rate has remained steady at \$4.99 $\frac{1}{2}$, while there is no change in the Swiss, Dutch or Belgian rates. Argentine pesos are a shade weaker on Continental selling. The gold content of the Uruguayan peso is to be reduced to a level corresponding to the present general export rate of 7.60 pesos to the pound sterling, the import rate remaining at 8.58 pesos to the pound. The writing-up of the nation's gold stocks will enable enough gold to be shipped to cover immediate needs, while leaving adequate gold reserves in hand.

* * *

The Bank Return.—This week nearly £10 millions more notes have gone into circulation, making the total increase since November 24th £21.6 millions. This is only half-a-million less than the parallel increase last year, so that Christmas trade apparently compares well with that of a year ago.

BANK OF ENGLAND					
	Dec. 16, 1936	Nov. 24, 1937	Dec. 1, 1937	Dec. 8, 1937	Dec. 15, 1937
Issue Department:—					
Gold	£ mill. 313.7	£ mill. 326.4	£ mill. 326.4	£ mill. 326.4	£ mill. 326.4
Note circulation	467.7	480.4	485.7	492.8	502.0
Banking Department:—					
Reserve	46.6	67.5	62.0	54.7	45.6
Public deposits	10.4	35.4	12.0	11.7	11.4
Bankers' deposits	96.2	83.6	105.7	106.3	103.4
Other deposits	38.8	36.3	36.6	36.7	36.5
Government securities	89.1	76.2	78.8	87.2	95.0
Discounts and advances	6.7	8.6	10.5	9.6	7.8
Other securities	20.8	20.9	20.7	21.0	20.7
Proportion	32.0%	43.4%	40.2%	35.3%	30.1%

The Reserve is now reduced to £45.6 millions, compared with £42.4 millions on November 10th immediately before the Christmas increase in the fiduciary note issue. Government securities in the banking department continue to increase in volume, this being the way in which the authorities are off-setting the Christmas expansion in the note circulation and contraction in the Reserve. In this way the credit base, as represented by bankers' deposits, has been kept fairly constant during December.

THE STOCK EXCHANGE

The Air and the Investor

IN the summer of 1934 the Government adopted its first plan of Air Force expansion. During the past three years the programme has been vastly extended and quickened; its definite shape has been lost and policy has become essentially elastic, in the sense, however, that it can apparently only expand. Yet a succession of favour-able pointers for the aircraft industry has served only to depress the shares of aircraft companies. Prices have steadily fallen since 1935, although dividends have increased, and the stage has now been reached when the 8 per cent. yields are shown on latest dividends by the best shares. Is this basis excessive, or is the outlook so obscure that even the best concerns in the industry must be classed as speculative? The expansion programme has been in progress sufficiently long to confront investors fairly with that question.

It is necessary, first, to trace the reasons for dis-appointment with the profits shown by aircraft concerns during the past three years. Air Force expansion started at a favourable time for the Air Ministry, but for most aircraft companies the circumstances were distinctly less auspicious. At that time, technical conception of the aircraft design had changed, and the Ministry seized the opportunity to compress what would have been a long period of normal development into the space of a year or two. This fact alone would have produced problems enough for any industry. But, at the same time, the aircraft companies began to double and even treble their capacity, although they were fully aware that these extensions might well be redundant after a few years. Such difficulties might have been more readily overcome by an industry accustomed to mass or semi-mass production methods; but until 1934 the aircraft companies had been living precariously on small orders. Many of them, in fact, were little more than designing concerns, with an engineering shop attached. In the early days of the programme, therefore, the industry definitely feared, as chairmen's speeches unequivocally showed, that it was faced with something akin to poverty amidst plenty. This factor, conducive neither to rapid expansion of production nor to large profits, changed when a Government "guarantee" was granted in respect of capital employed in plant extensions. Thus, after initial shocks, the industry became convinced that a reasonable price would be paid for the machines produced. These changes, however, were slow; indeed, they occupied the whole of 1935 and the greater part of 1936.

In this sense, therefore, 1936-37 may be regarded as the first "normal" year in the extension programme, so far as it affects established companies. This conclusion is evident from an inspection of the industry's earnings

record, given at the foot of this page. The latest company reports show that reasonable—indeed, handsome—profits are being made. This week, after raising the ordinary dividend from 10 per cent., less tax, to 12 $\frac{1}{2}$ per cent., tax free, on a capital increased from £500,000 to £1,000,000, Fairey has announced a spectacular jump in net profits from £35,696 to £162,678. No shareholder could complain at results of this order. In fact, Hawker Aircraft seems to be the only major company which fared worse in 1936-37 than in previous years, but this company was in an exceptional position even in 1934. In the initial stages of the programme it was favourably placed, since its machines were then rather more advanced than other types. Such technical leadership, however, constantly changes, and Hawker has recently undertaken a costly change-over to a new type of machine. The company, moreover, produces, in the main, fighters and light bombers on which the air policy has not been concentrated. Although the company's profits may recover, its recent experience is a general warning to the aircraft shareholder.

So much for the present position of the aircraft industry. How long will the current prosperity last? To this question only very tentative answers can be given, for the outlook may alter rapidly. There are, however, elements of short-term stability in the industry's present situation. The peak rate of aircraft production in this country has not yet been reached. The Metropolitan Force now has its 123 squadrons (composed of about seventy squadrons of bombers, thirty of fighters and the balance miscellaneous), but a number of these squadrons, possibly the majority, are not equipped with the new-type monoplane machines. Further, the expansion of the Fleet Air Arm, which closely concerns such a company as Blackburn, has only just started, while the expansion of overseas squadrons and the general provision of reserves must be provided for. To meet this demand, however, manufacturing capacity is still increasing. The aero-engine "shadow" factories and the Austin airframe factory have already started operations, though they have yet to reach capacity production. The other airframe "shadow" factory, managed by Rootes, Ltd., at Liverpool (which will ultimately produce the Bristol "Blenheim" bomber), will probably be ready by next summer. Further manufacturing capacity will be provided by the new Short Bros.-Harland and Wolff plant at Belfast.

It is apparently the Government's intention to use the "shadow" factories to build the full reserve strength required by the present programme; and when this objective is reached to keep the plants on a "care

AIRCRAFT COMPANIES' CAPITAL, EARNINGS AND SHARE RECORD

Company (and denomination)	1934-35				1935-36				1936-37				Ordinary Shares			
	Issued capital	Net profits	Earnings	Paid	Issued capital	Net profits	Earnings	Paid	Issued capital	Net profits	Earnings	Paid	Highest since 1935	Current Price	Earnings yield	Div. yield
Bristol Aeroplane* (10s.)	£1,200	233,127	45.6	22.5	1,800	285,088	30.1	22.5	4,852b	573,196	47.7	42.5	80/6	48/-	6.3	4.7
Hawker Siddeley (5s.)	882	146,560	35.4	20.0c	2,000	378,193	44.5	30.0a	858	94,619	17.2	17.5	47/-	25/9	9.2	8.2
Hawker Aircraft (5s.)	150	75,971	57.1	30.0	180	88,025	51.9	40.0	180	88,025	51.9	40.0	45/1 $\frac{1}{2}$	32/3	8.0	6.2
Short Bros. (5s.)	500	77,367	19.3	10.0	600	71,709	14.5	10.0	800d	...	...	...	82/6	37/6	7.7	5.3
De Havilland (10s.)	500	15,612	4.0	5.0	1,000	35,696	9.4e	10.0e	630	87,980	29.0	12.5	33/9	20/-	14.0	6.2
Blackburn (10s.)	206	77,893	42.2	26.5f	323	102,679	72.0	50.0	1,000	162,678	16.2g	12.5g	44/6	18 1/4h	8.8+	6.8+
Fairey (10s.)	250	4,614	2.4	Nil	250	4,614	2.4	Nil	448	...	...	...	63/3	25/3	7.2h	4.9h
Handley Page* (5s.)	125	Dr. 2,457e	Nil	Nil	250	Dr. 31,533	Nil	Nil	250	...	...	...	15/9	6/-	Nil	Nil
Westland (5s.)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Phillips and Powis (5s.)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...

* Year ends December 31st. (a) And capital bonus of 10 per cent. (b) Includes recent issue of £2 million preference capital. (c) 100,000 "A" ordinary shares received quarter of dividend paid on balance of ordinary capital. (d) As increased last July. Year ends September 30th. (e) On capital of £500,000; balance did not rank. (f) And capital bonus of about 730 per cent. (g) Prospectus figure. (h) 100 per cent. capital bonus recently distributed. Dividend and earnings yield calculated on old capital. † Tax free.

last year. The rate has now been increased to 4s., to which higher diamond dividends, particularly from the De Beers holding, have made an important contribution. Among the operating companies there are no surprises, but West Springs, whose ore grade has risen, has established a 2s. 6d. total dividend. In the Rand Mines-Central Mining list, Crown Mines proudly maintains the 9s. 6d. payment for the fourth successive half-year. Geldenhuys shareholders receive 3s. per share, against 2s., of which 6d. results from the clean-up of the closed Eastern plant. Rand Mines distribution, conditioned by the large holding of Crown Mines, is maintained at 4s. Two reductions appear in the "Corner House" list. New Modder's advancing age, plainly reflected in declining grade, brings a further reduction in the December dividend to 2s. 9d.—making a total of 5s. 9d. for the year, against 7s. 9d. in 1936. Consolidated Main Reef's reduced payment of 2s. 6d., against 2s. 9d. in June, also follows a further lowering of grade, while substantial capital expenditure is being met. Rose Deep has enjoyed the advantage of reduced capital expenditure.

Gold Fields and Other Groups.—The maintenance of the Sub Nigel payment of 7s. 6d. is a welcome, if negative, feature of the Gold Fields list, for this undertaking has been affected in especial degree by the revised taxation and royalty assessments. Some mild disappointment was expressed at the mere maintenance of the Simmer and Jack dividend, although reflection might have suggested that recent experience at the mine would make for caution. East Geduld, in the Union Corporation Group, had prepared the way for an increased payment with a series of excellent profits figures, but Geduld Proprietary, largely interested in East Geduld, maintains the 7s. 6d. dividend for the fourth successive half-year. The declarations of these two groups, together with the "Johnnies" and General Mining dividends, are given below:—

	Total, 1935	Dec., 1936	Total, 1936	June, 1937	Dec., 1937	Total, 1937
Gold Fields Group						
Luipaards Vlei (2/-) ...	-9	-6	1/-	-6	-6	1/-
Rietfontein Consolidated (5/-)	...	...	...	...	-10½	-10½
Robinson Deep "A" (1/-) 2/6	1/3	2/6	1/3	1/3	2/6	
Robinson Deep "B" (7/6) 2/9	2/6	4/6	2/6	2/6	5/-	
Simmer and Jack (2/6)..	-6	-4	-5½	-4½	-4½	-9
Sub Nigel (10/-).....	16/-	9/-	18/-	7/6	7/6	15/-
Union Corporation Group						
East Geduld (£1)	8/9	4/9	9/6	4/9	5/-	9/9
Geduld Proprietary (£1) 14/-		7/6	15/-	7/6	7/6	15/-
" Johnnies " Group						
Govt. G.M. Areas (5/-)..	6/-	2/9	5/6	2/3	2/3	4/6
Langlaagte Estate (£1) ..	4/-	1/6	3/-	1/6	2/-*	3/6
New State Areas (£1) ...	5/-	3/-	6/-	3/-	3/-	6/-
Randfontein (£1)	4/-	2/6	5/-	2/3	2/3	4/6
Van Ryn Deep (£1)	6/-	2/6	5/-	2/6	2/6	5/-
Witwatersrand Gold (£1) 4/-		2/6	4/6	2/6	2/6	5/-
General Mining Group						
Van Ryn Gold (10/-)...	4/-	1/6†	3/6	1/6†	1/6†	3/-†
West Rand Cons. ord. (10/-) 2/6		1/6	2/6	1/-	1/6	2/6
Do. deferred ...		85/-	136/10	56/8	85/-	141/8

* Includes 1s. bonus from sales of property, etc.
† Subject to British income tax, less Dominion relief.

BRITISH MALAYA



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Both Government Areas and Randfontein have declared the same dividend as in June—lower, of course, than last year—but neither the reduction in the "regular" Langlaagte payment to 1s., nor the special 1s. bonus from sales of property and township stands are surprising. General Mining Corporation again benefits substantially from the West Rand Consolidated ordinary dividend declaration. The December payment of 1s. 6d. per share (as a year ago) maintains the year's total at 2s. 6d. General Mining thus receives 141s. 8d. per share on its large holding of the 25,000 deferred shares. Three independent mining concerns, not listed above, announce the same payments as for June—New Kleinfontein (2s.), Witwatersrand Deep (1s. 9d.) and Nigel Gold (1s. 6d.).

Other Company Results.—Over fifty further companies, including a number of miscellaneous industrials, are contained in our usual analysis of profit and loss accounts appearing on page 619. The results are discussed on page 605 under the heading "Shorter Company Comments."

Company Meetings of the Week.—Reports of company meetings will be found in this issue commencing on page 606 Lord Wardington's speech at the *Bank of Lonaon and South America* meeting is discussed on page 593. The desirability of encouraging the development of lighter industries in Scotland and praise for the industrial estate experiment were emphasised by the Earl of Mar and Kellie at the meeting of the *Commercial Bank of Scotland*. The governor's speech to *National Bank of Scotland* shareholders provided a detailed analysis of the balance sheet, and emphasised its liquidity and strength. Sir Alan Anderson declared that *Orient Steam Navigation* had replaced the entire fleet in thirteen years, with the exception of the "Ormonde." The Rt. Hon. Viscount Goschen disclosed that 51.1 per cent. of *Nelson Financial Trust's* investments were in Great Britain and a further 30.5 per cent. in the Empire. Addressing shareholders of *Ind Coope and Allsopp*, Sir G. L. Courthope drew attention to the recent material rise in the cost of malt and barley. Mr Philip E. Hill informed shareholders of *Second Covent Garden Property* that recent property purchases have been financed by £400,000 of mortgages for a term of years. Mr J. P. Colbert declared that the potential profit-earning position of *Industrial Credit Company* had improved during the year. The chairman of *British Vacuum Cleaner and Engineering* disclosed that the company is now successfully marketing electric washing machines and clocks. The view that the building industry was stable and progressive was put forward at the *Davis Estates* meeting. Discussing the 25 per cent. interim dividend of *Kwahu Mining*, Lieut.-Col. Frank Johnson declared his belief that so small a dividend would not be announced again. Expert recommendations for an extensive drilling programme were reported by Mr John A. Agnew to *Wiluna Gold* shareholders. At the *Oroville Dredging* meeting Mr Frederick W. Baker anticipated a gradual increase in dividend payments. Mr W. Arthur Addinsell informed shareholders of *Ratanui Rubber* that fifty acres of reserve land had now been completely planted. Considerable additions to mineral reserves were reported by Lt.-Col. John P. Grenfell at the *Messina (Transvaal) Development* meeting. At the *Anglo-Ecuadorian Oilfields* meeting, Mr H. C. R. Williamson expressed the belief that co-operation in the American oil industry would be maintained. Mr Harold G. Brown referred with satisfaction to the resumption of dividend payments on the reorganised ordinary capital of *New Zealand Loan and Mercantile Agency*. The chairman of *Mitchell Cotts* discussed the recent acquisition of Fraser and Chalmers. An improvement of over 50 per cent. in sales during the first five months of the current financial year was reported at the *Agar, Cross* meeting.

THE WEEK IN THE MARKETS

THE STOCK EXCHANGE

SETTLING DAYS

TICKET: JANUARY 4

ACCOUNT: JANUARY 6

WITHOUT gaining any appreciable new business, the Stock Exchange has shown an improved tone this week. At first, the fear of political complications arising from the Japanese attack on British and American gunboats created an atmosphere of caution. Official assurances regarding the trade outlook, and Sir Thomas Inskip's statement that re-armament would not slow down for four or five years, were held by some commentators to explain the slight gain of ground in mid-week, but there was no evidence of new support for industrials on any significant scale. In the gilt-edged market, new issue competition made for quietness, though a small improvement was recorded on Wednesday, despite the paucity of business. Among Dominion stocks, Australian issues improved on the success of the internal conversion, while the Southern Rhodesia scrip staged a steady improvement to $\frac{1}{2}$ premium in mid-week. Chilcan bonds were an early feature in the foreign market, on the Lautarao Nitrate report (discussed on page 598), but the improvement was quickly followed by falls on Tuesday and Wednesday. Polish Sevens rose on the debt scheme (discussed on page 597). Japanese bonds were at first depressed by the diplomatic tension, but rose in mid-week, and some improvements were also recorded in Chinese issues.

Scant interest was taken in home rail stocks at first, though actual falls were confined to Monday. The traffics attracted no interest. Reports of increased freight tariffs brought initial support in the Argentine group, despite the general dullness, but reaction followed. In mid-week conditions were idle, and the only recorded movements were small falls in the debentures.

Only the only records in the history of the company.

Interesting features were rare among industrial, but while business remained small, there was a noticeable tendency towards cheerfulness as the week progressed, after a particularly dull start. The iron and steel group at first registered small losses, but improved gradually, helped in mid-week by Sir Thomas Inskip's statement. Renewed interest was taken in Tube Investments, Vickers were particularly good, and in Indian Iron recovered. Richard Thomas were helped by news of the "Armco" deal, and Colvilles by reports of a new issue. Coal shares were not active, though William Cory hardened, and Powell Duffryn rose on the increased interim. Electrical equipment issues were irregular and somewhat neglected.

Motor shares opened in dull fashion, but a steadier tone followed, helped by the Raleigh meeting. On Wednesday interest was renewed in such leaders as Leyland and A.E.C. Aircraft shares made a mixed showing, though they shared in the mid-week improvement. Fairey opened steady and then improved on the accounts. On Monday, Bristol, Napier and Rolls Royce moved upward slightly, against the general trend, and on Wednesday Westland responded to the maiden dividend. Prices in the radio group were inclined to sag; "Emmies" eased, together with Decca preference in spite of the improved results. Union Cinemas were a nominal market, while Bowater's Paper ordinary fell to 13s. 6d. on the report (discussed on p. 597). Textiles were dull almost without exception. A small recovery in Bleachers' preference was short lived, while rayons also were neglected until Courtaulds advanced a little in mid-week. The stores group was quiet, with a firmer tendency on Wednesday. Among provision shares some interest was taken in Manbré and Garton. Breweries were dull on the whole, but Distillers held their own. There was little support for tobacco shares until mid-week, when B.A.T., Imperial Tobacco and Gallahers were in demand. The miscellaneous group behaved similarly. Turner and Newall were one of the brighter spots on the report (see page 598). Marked renewal of interest in cement shares was shown on the 3s. increase in cement prices. Shipping shares improved on the rather better freight rates.

After a dull opening, oil shares became firmer, international counters being well supported. Dealers reported moderate business on Tuesday, but New York news received overnight was unhelpful, not least the substantial addition to American oil stocks. The turnover remained small, though a few features, like the demand for Royal Dutch and Shell on good Continental demand and interim dividend hopes, saved the market from dullness.

The rubber share market suffered from increasing stagnation, though the tone became steady, so far as the small amount of business permitted any judgment. Some selling occurred on Tuesday, although it affected small lines of shares and caused only trifling setbacks. In mid-week a few principal issues were supported, but quotations were scarcely affected. The

announcement of a decline in American consumption for November had a poor reception.

Professional support for tea shares was not renewed this week, but setbacks were neither numerous nor important. Business was extremely small, but some improvement in leading issues followed a better demand on Mincing Lane.

Kaffir shares were stimulated by the December dividends (set out on pages 599 and 600), though surprises were few. The broader mid-week demand, however, may be traced to the declarations, which appeared to attract investment support for the mature dividend-paying Kaffirs, like Crown Mines and East Geduld, while Anglo-American Corporation responded to the good dividend. Developing mines enjoyed some reflected glory, with West Wits. again in the lead. De Beers fluctuated, but responded to Paris buying in mid-week, while the Rhodesian copper group, on Wednesday and again on Thursday, responded to bear covering.

"FINANCIAL NEWS" MARKET INDICATORS

	Dec. 9	Dec. 10	Dec. 13	Dec. 14	Dec. 15	Dec. 16
Approximate total of bargain recorded in S.E. List	6,645	6,635	6,740	6,635	6,010	6,440
Corresponding day 1936	9,509	10,803	10,234	10,353	10,976	11,233
SECURITY MOVEMENTS						
Index of 30 Ordinary Shares (July 1, 1935=100)	95.9	96.2	95.5	95.5	96.3	97.2
Index of 20 Fixed Interest Securities (1928=100)	129.1	129.2	128.8	128.8	128.8	128.9

Highest 1936: Ordinary Shares 124.9 (Nov. 18); Fixed Interest 138.8 (Feb. 10).
 Lowest 1936: Ordinary Shares 107.4 (Jan. 2); Fixed Interest 136.2 (Sept. 23).
 Highest 1937: Ordinary Shares 124.8 (Jan. 4); Fixed Interest 136.6 (Jan. 4).
 Lowest 1937: Ordinary Shares 93.1 (Nov. 22); Fixed Interest 126.0 (Sept. 8).

ACTUARIES' INVESTMENT INDEX

The Actuaries' Index of 177 industrial ordinary shares fell slightly to 73·0 last Tuesday, compared with 74·0 a week ago and with 75·7 a month ago (December 31, 1928 = 100). The corresponding yields were 4·96, 4·92 and 4·80 per cent. The following table gives a selection of the component indices:—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yield (%)		
	Month ago (Nov. 9, 1937)	Week ago (Dec. 7, 1937)	This week (Dec. 14, 1937)	Month ago (Nov. 9, 1937)	Week ago (Dec. 7, 1937)	This week (Dec. 14, 1937)
Coal (7)	107.3	106.0	103.5	4.54	4.53	4.62
Cotton (6)	38.5	37.1	35.9	2.57	2.57	2.59
Iron and steel (12)	65.6	66.4	63.7	5.86	5.95	6.24
Motors (5).....	43.0	38.3	37.8	5.68	5.93	6.10
Oil (5)	80.8	79.2	81.4	8.20	8.50	8.08
Stores and catering (17)	69.2	67.0	65.0	4.16	4.32	4.36
Breweries and distilleries (21)	136.3	134.5	131.9	4.59	4.61	4.71

NEW YORK STOCK EXCHANGE

SINCE the middle of last week, prices on Wall Street have weakened. Last week's relatively minor cause of recession was the refusal of the ICC to grant an immediate emergency increase in railroad rates without awaiting the pending hearing. This was not taken too much to heart, for the President has urged the Commission to reach a rapid decision, and the hearings have been brought forward to the middle of January. A more serious drop occurred on Monday of this week, when the Dow Jones industrial index lost four points on the Japanese attack on American ships in the Yangtse. Steels declined further, despite estimates that steel mill activity has reached a bottom in its decline; *Iron Age* gives this week's activity at 27.5 per cent. of capacity, unchanged on the week. Railroads also fell, but aircraft shares have again moved higher. In mid-week, a slight general improvement was recorded, on a turnover less than has been usual in recent weeks. Some slightly better trade reports appear to justify this change, and markets hope for the best from the utility talks which are to be renewed next week. On the bond market this week governments were slightly easier.

(Continued on page 604)

NORANDA MINES, LIMITED
DIVIDEND NOTICE

Notice is hereby given that an interim dividend of \$1.50 per share, payable in Canadian funds, has been declared by the Directors of NORANDA MINES, LIMITED, payable December 23rd, 1937, to shareholders of record at the close of business December 9th, 1937.

By order of the Board.
Toronto, December 1st, 1937

T. N. HAY,
Secretary-Treasurer.

LONDON ACTIVE SECURITY PRICES AND YIELDS

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

Prices, Year 1937, Jan. 1 to Dec. 15, inclusive					Prices, Year 1937, Jan. 1 to Dec. 15, inclusive					Prices, Year 1937, Jan. 1 to Dec. 15, inclusive					Prices, Year 1937, Jan. 1 to Dec. 15, inclusive				
High	Low	High	Low	High	High	Low	High	Low	High	High	Low	High	Low	High	High	Low	High	Low	High
Name of Security					Name of Security					Name of Security					Name of Security				
British Funds					Public Boards					Public Boards					Public Boards				
87 1/2	82 1/2	84 1/2	79 1/2	74 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
102 1/2	101 1/2	103 1/2	98 1/2	94 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
105 1/2	104 1/2	106 1/2	101 1/2	97 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
108 1/2	107 1/2	109 1/2	102 1/2	98 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
111 1/2	110 1/2	112 1/2	103 1/2	99 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
114 1/2	113 1/2	115 1/2	104 1/2	100 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
117 1/2	116 1/2	118 1/2	105 1/2	101 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
120 1/2	119 1/2	121 1/2	106 1/2	102 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
123 1/2	122 1/2	124 1/2	107 1/2	103 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
126 1/2	125 1/2	127 1/2	108 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
129 1/2	128 1/2	130 1/2	109 1/2	105 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
132 1/2	131 1/2	133 1/2	110 1/2	106 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
135 1/2	134 1/2	136 1/2	111 1/2	107 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
138 1/2	137 1/2	139 1/2	112 1/2	108 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
141 1/2	140 1/2	142 1/2	113 1/2	109 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
144 1/2	143 1/2	145 1/2	114 1/2	110 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
147 1/2	146 1/2	148 1/2	115 1/2	111 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
150 1/2	149 1/2	151 1/2	116 1/2	112 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
153 1/2	152 1/2	154 1/2	117 1/2	113 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
156 1/2	155 1/2	157 1/2	118 1/2	114 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
159 1/2	158 1/2	160 1/2	119 1/2	115 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
162 1/2	161 1/2	163 1/2	120 1/2	116 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
165 1/2	164 1/2	166 1/2	121 1/2	117 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
168 1/2	167 1/2	169 1/2	122 1/2	118 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
171 1/2	170 1/2	172 1/2	123 1/2	119 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
174 1/2	173 1/2	175 1/2	124 1/2	120 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
177 1/2	176 1/2	178 1/2	125 1/2	121 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
180 1/2	179 1/2	181 1/2	126 1/2	122 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
183 1/2	182 1/2	184 1/2	127 1/2	123 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
186 1/2	185 1/2	187 1/2	128 1/2	124 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
189 1/2	188 1/2	190 1/2	129 1/2	125 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
192 1/2	191 1/2	193 1/2	130 1/2	126 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
195 1/2	194 1/2	196 1/2	131 1/2	127 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
198 1/2	197 1/2	199 1/2	132 1/2	128 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
201 1/2	200 1/2	202 1/2	133 1/2	129 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
204 1/2	203 1/2	205 1/2	134 1/2	130 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
207 1/2	206 1/2	208 1/2	135 1/2	131 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
210 1/2	209 1/2	211 1/2	136 1/2	132 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
213 1/2	212 1/2	214 1/2	137 1/2	133 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
216 1/2	215 1/2	217 1/2	138 1/2	134 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
219 1/2	218 1/2	220 1/2	139 1/2	135 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
222 1/2	221 1/2	223 1/2	140 1/2	136 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2
225 1/2	224 1/2	226 1/2	141 1/2	137 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2	101 1/2	102 1/2	103 1/2	104 1/2	100 1/2				

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

Highest*	Lowest†	Dec. 8	Dec. 9	Dec. 10	Dec. 11	Dec. 13	Dec. 14	Dec. 15
180.3	96.9	110.0	108.1	107.1	107.2	103.4	104.4	105.2
* March 6th. † November 24th.								
TOTAL DEALINGS IN NEW YORK								
	Dec. 9	Dec. 10	Dec. 11*	Dec. 13	Dec. 14	Dec. 15		
Stock Exchange—								
Shares (No. Thous.)	1,080	1,080	390	1,020	900	930		
Bonds (Thous. \$) ...	8,460	9,410	3,930	6,830	6,910	7,480		
Curb —								
Shares (Thous.) ...	179	186	76	180	187	214		

CAPITAL ISSUES

An active close to the new issue season is evident from our summaries of the week's new issues which appear below.

Belgium's 4 per cent. sterling loan is discussed on page 597. Direct trustee borrowing is limited to the *Huddersfield* issue of 3½ per cent. stock, dated 1958-63, at 101. The borough has a high financial record, and the current level of rates is 10s. in the £. As a "name," however, the municipality is perhaps less widely known than others which would envy its municipal trading record, but the issue was eagerly subscribed on Thursday. Particulars for information have been published regarding the *Sierra Leone* 3½ per cent. stock, 1958-63. Holders of 4 per cent. stock, 1938-63, have been offered the right of conversion, of which some £170,000 of the total sum of £570,000 has already been guaranteed. Any balance not converted will be subscribed at 101. Public participation in the *Perham Investment Trust* is limited to 80,000 £1 shares, issued at par, out of the total capital of £500,000, the balance having been subscribed in advance. The prospectus gives no details regarding the investment policy of the new trust, and the provisions regarding investment powers and management expenses are informative without being highly significant. Two small industrial issues have appeared this week. *Lillywhites Holdings* acquire the whole issued share capital of *Lillywhites, Ltd.*, sports outfitters. The capital of the new company amounts to £157,500, of which £100,000 is in 5½ per cent. 10s. preference shares and the balance in 1s. ordinary shares. The latter, offered at 350 per cent. premium, offer an earnings yield of 9½ per cent. on the operating company's latest profits. This calculation, however, does not take into account N.D.C. (important for highly-g geared shares), and it also assumes the full distribution of profits from the wholly-owned subsidiary. If the reasons for the formation of a separate holding company were all-compelling, it is surely reasonable to undertake, in the offer for sale, to publish full annual accounts of the operating concern. The latter has a reasonable profits record, but the holding company's capitalisation nevertheless appears generous. The capitalisation of *Macowards, Ltd.*, a retail trading concern in South Wales, also has unusual features, for it consists of £80,000 5½ per cent. first mortgage debenture stock, issued at par, and £80,000 in 4s. ordinary shares, of which 398,000 are issued at 5s. 3d. The debenture stock is not handsomely covered as to assets though its service is more generously provided for on the basis of latest earnings. In their class, both the stock and the ordinary shares, which show an earnings yield of 15 per cent. on latest profits, must be regarded as speculative in character. A statement for information on behalf of *Goorwich, Ltd.* gives particulars of the 6 per cent. preference and 5s. ordinary shares, in which permission to deal is being sought in London and Belfast. Stockholders of *Bank of Scotland* will welcome the proposal to issue new stock and to eliminate uncallability on the issued stock.

	1936		1937		Be- ginning of Year 1937	Dec. 1, 1937	Dec. 8, 1937	Dec. 15, 1937
	Lowest	Highest	Lowest	Highest				
	Apr. 29	Nov. 10	Nov. 24	Mar. 10				
347 Industrials ...	112-7	145-9	86-7	155-7	143-2	93-5	97-7	93-6
32 Rails	42-8	60-2(b)	28-4	44-5(f)	54-6	38-2	32-2	30-4
40 Utilities	91-2	111-0(c)	76-3	116-4(f)	111-7	79-7	80-5	77-3
Total, 419 Stocks	97-7	125-4	75-6	132-4	123-5	81-1	84-3	80-7
Average yield* ...	4-50% High (a)	2-65% Low (a)	8-60% High	3-20% Low (s)	3-53%	8-29%	7-83%	8-34%

TELEPHONE • CITY 5201

Net Sales of National Savings Certificates, Week ended December 11, 1937. Dr. £150,000.

		Nominal Capital	Conversions	New Money
To the Public.....		£ 6,714,800	£ ...	£ 6,688,875
To Shareholders only.....		410,000	...	1,355,750
By Stock Exchange Introduction.....		250,000	...	251,250
By Permission to Deal.....		430,014	...	870,778
Total Capital Raised—				
	Including Conversions	Excluding Conversions	Total offered for Subscription—	
			Including Conversions	Excluding Conversions
1937 (New Basis)	£ 517,781,863	£ 456,243,835	£	£
1937 (Old Basis)	308,363,186	249,901,547	Whole Year (New Basis).....	1936 642,017,245 494,139,768
1936 (New Basis)	637,624,364	486,746,814	1935 698,313,125 537,525,444	Whole Year (Old Basis).....
1936 (Old Basis)	382,795,716	253,013,493	1936 402,470,000 255,670,995	1935 548,351,395 247,147,637
January 1 to date (Old Basis).....			1934 410,980,315 168,608,700	1933 467,921,500 244,780,500
1935	548,351,395	236,147,637	1934 410,980,300 168,108,700	1928 623,000,056 366,058,077
1934	410,980,315	168,608,700	1933 467,921,500	
1928	538,263,908	363,882,925	1928 623,000,056	

	United Kingdom	British Empire (excluding United Kingdom)	Foreign Countries	Total
	£	£	£	£
January 1 to date—				
1937 (New Basis)	385,986,666	63,148,810	7,108,359	456,243,835
		80,963,522	6,342,500	249,901,547

	Debentures	Preference	Ordinary	Total
January 1 to date—	£	30,626,882	197,415,261	456,249,835
1937 (New Basis)	228,201,672	10,580,319	62,468,040	249,901,547
1937 (Old Basis)	167,924,824	41,508,731	266,091,000	489,746,914
1936 (New Basis)	182,075,183	19,580,319	69,876,230	253,013,493
1936 (Old Basis)	158,713,616	24,423,647		

PUBLIC OFFERS

Huddersfield Corporation.—Issue at 101 of £1,000,000 3½ per cent. stock, redeemable at par September, 1963, or from 1958 on notice. A trustee stock. Ranks with other loans. Population, 123,000; rateable value, £909,444; general rate, 10s. Aggregate net debt, £5,762,074 (of which £1,115,821 rate fund services). Gross profit from utilities, £325,377; gross rental from estate, £91,000; housing, rents £56,690 and subsidies £29,742. Lists closed 9.5 a.m. December 16th. Heavily oversubscribed. Applications totalled 44,900,000. At least part of 500,000 £1 shares

BY OFFER FOR SALE

Kingdom of Belgium.—Offer for sale of £5,000,000 4 per cent. Sterling Bonds, 1937, at 97. Redeemable at par by January, 1960, by drawings from year to January, 1939, or on notice at 102 from 1943 to 1947 or thereafter at par. Budget : Ordinary receipts, 1936, frs. 10,567 millions and expenditure frs. 10,595 millions. Public debt, frs. 36,428 millions internal and frs. 20,247 millions external; annual service, frs. 2,455 millions (including frs. 505 millions amortisation). Foreign trade, 1936, imports, frs. 21,098 millions, exports, frs. 19,724 millions. List closed 9.45 a.m., December 16th.

Kingdom of Belgium.—Offer for sale of 60,000 5½ per cent. Bonds, 1937, at 97. Redeemable at par by January, 1960, by drawings from year to January, 1939, or on notice at 102 from 1943 to 1947 or thereafter at par. Budget : Ordinary receipts, 1936, frs. 10,567 millions and expenditure frs. 10,595 millions. Public debt, frs. 36,428 millions internal and frs. 20,247 millions external; annual service, frs. 2,455 millions (including frs. 505 millions amortisation). Foreign trade, 1936, imports, frs. 21,098 millions, exports, frs. 19,724 millions. List closed 9.45 a.m., December 16th.

BY STOCK EXCHANGE 75,000 6 per cent. cumulative redeemable £1 preference shares, and 400,000 5s. ordinary shares. Incorporated in N. Ireland to acquire drapers' businesses. Redemption fund to redeem preference shares at 22s. by drawings to 1988, or from 1949 on notice. Net assets, £69,628 (stock, £58,727) acquired for £100,000 (goodwill, £30,372) in 400,000 ordinary shares. Profits after depreciation, before redemption fund : years to August 31st : 1935, £11,920; 1936, £17,566; 1937, £19,158. Shaw Loeb! take all preference shares at par for £2,156 commission, and 100,000 of vendors' ordinary shares at par. Company pays £6,000 expenses.

BONUS ISSUE
Associated Motor Cycles.—It is proposed to make a free bonus issue of one ordinary share for 20 held on 23rd December.

ISSUES TO SHAREHOLDERS ONE.
Bank of Scotland.—It is proposed to make a new stock issue and to eliminate uncalled liability by raising paid-up capital from £1,500,000 to £2,400,000 and cancelling the £50 per £100 potential liability. This involves issue of £150,000 (£100,000 paid), to be issued to proprietors at 440 per £100 paid, in proportion of £1 (13s. 4d. paid) per complete £15 (£10 paid) held. Uncalled liability to be paid from reserves, and added to paid-up holding. Premiums on issue (£340,000) to be added to reserves.

Crittall Manufacturing Company.—Issue of 250,000 5s. ordinary shares to ordinary shareholders at 12s. 6d., in proportion of one in four. Applications will be considered from preference and debenture holders for any shares not taken up

Crittall Manufacturing Company.—Issue of 250,000 5s. ordinary shares to ordinary shareholders at 12s. 6d., in proportion of one in four. Applications will be considered from preference and debenture holders for any shares not taken up

Birmid Industries.—Issue of 97,500 £1 shares at 30s. in proportion of one for six held.

Odhams Press Limited. Issue of £100,000 5 per cent. debenture stock at par.

Sierra Leone Government.—Issue of £570,000 3½ per cent. inscribed stock to repay outstanding 4 per cent. stock on June 15, 1938. Balance not converted, may be subscribed at 101. Redeemable on June 1963, or from 1958 on notice.

Aktiebolaget Elektrolux "B" Shares.—Capital represented by these shares will be reduced by 25 per cent. and Sw. Kr. 25 per share in cash will be due to shareholders on December 15, 1937, against coupon No. 21, and share certificates for marking. Coupon No. 21 should not be detached. An interim dividend of Sw. Kr. 5 per share will be payable on December 15, 1937, against coupon No. 20.

Uganda Company.—All outstanding 6 per cent. first mortgage debentures will be redeemed at par on January 1, 1938.

Union Corporation.—Of the offer to shareholders of 140,000 12s. 6d. shares at £7, 8s. 1 per cent. was applied for by shareholders, leaving 14.9 per cent. for underwriters.

Stock or Share	Issue price	Paid	Dec. 8, 1937	Dec. 15, 1937
Australia 3½% 1951-54.....	97	32	6-10 dis	8-1½ dis
Britishia Lums 5/-.....	8/6	8/6	6/10-8/6	7/11-8/7½
Clyde Crane Ord. 4/-.....	5/6	5/6	4/13-4/13½	4/13-5/11½
Do. 6% Pref. 20/-.....	20/-	20/-	17/3-17/3	17/9-18/3
Hawker-Siddeley 5% Pref. 20/-.....	20/-	7/6	3½-4½	1½-4½ pm
Hiram Walker 4½% Delts.....	101	61	3-3½ pm	4½-5½ pm
Hull 3½%.....	96	20	2-2½ pm	1-2½ pm
Kent & Radcliffe 3½% Deb.	101	61	2-2½ pm	2-4½ pm
Liverpool 3½%.....	101	61	2-2½ pm	2-4½ pm
Midland Bank £1.....	£2	£2	84/6-85/6	1/6-1/10 dis
New Mercantile Investment Ord. £1	£100	£20	—	1-1½ pm
Do. do. 4½% Delts.	£100	£20	—	982-992½
Northern Securities Trust 4½% Delts.	101	31	½ dis-½ pm	2-4½ pm
Faisley 3½%.....	101	31	½ dis-½ pm	par-4½ pm
Sheffield 3½%.....	101	31	—	2-4½ pm
Southern Rhodesia 3½%.....	101	5	8/0-8/6	8/0-8/6
Thompson Bros. Ord. 5/-.....	...	...	21/3-21/9	20/9-21/3
Union Castle Ord. £1.....	101	41	½ dis-½ pm	2-4½ pm
Wakenfield 3½%.....	...	...	3/6-4/0	2/9-3/3
Western Holdings 5/-.....	...	...	1/10½-2/1½	1/10½-2/1½
West Vlakfontein 2/6.....	...	...	1/10½-2/1½	1/10½-2/1½

COMPANY RESULTS OF THE WEEK.—The larger brewery companies show substantial increases in profits. LEEDS & WAKEFIELD BREWERIES are paying 11 against 10 per cent., while trading profits of H. & G. SIMONDS, LTD., are no less than £188,000 higher at £709,184. The latter company's balance sheet now reflects the reorganisation scheme of 1936, and a consolidated balance sheet has been added to the report. Among property companies, DAVIS ESTATES, whose net earnings have fallen from £86,004 to £78,587, report that, owing to rising building costs, profits were affected by the completion of forward sale contracts entered into before the increase in sale prices. The first report of LANDSOWNE HOUSE (BERKELEY SQUARE), for the 55-week period to September 29th last, shows a net revenue of £19,284, out of which a 7 per cent. dividend is being paid. In the heavy industries, CLEVELAND BRIDGE & ENGINEERING have converted a loss of £70,985 into a net profit of £16,118. The volume of orders booked has been satisfactory, but supplies of steel have been insufficient, and work has not been too plentiful. Modest increases in revenue are recorded by three investment trusts; the largest of these, the ARMY & NAVY INVESTMENT TRUST, has raised its dividend from 12 to 13 per cent. SCOTTISH MOTOR TRACTION net profits are £198,857, against £184,451, though improved industrial conditions were in part offset by a strike last March. Several competitive businesses have been acquired during the year. The DECCA RECORD CO. balance sheet now reflects the Crystalate acquisition, though manufacture of these records did not begin till after the end of the year. A small profit is reported against a loss of £12,372, but it is stated that preliminary figures for the current year show a substantial balance after debenture interest. R. HOOD HAGGIE & SON trading results have been affected by a sudden unexpected fall in the hemp markets, combined with wage advances. Net profits as a result are £46,865 against £64,467. SUNLIGHT LAUNDRIES (LOUD & WESTERN) are maintaining their 16½ per cent. dividend, and report that the work done was in excess of any previous year, but net earnings have fallen by £14,000 to £42,865. VACTRIC, LTD., also point out that sales constituted a record, but owing to increased material, labour and selling costs and also to a fire at their premises, net profits amount to £21,227 against £31,673.

(Continued on p. 618)

COMPANY MEETINGS

THE COMMERCIAL BANK OF SCOTLAND,
LIMITED

ANOTHER YEAR OF STEADY PROGRESS

STEADY IMPROVEMENT IN TRADE

EARL OF MAR AND KELLIE'S ADDRESS

The annual meeting of the shareholders of The Commercial Bank of Scotland Limited was held, on the 16th instant, at Edinburgh.

The Earl of Mar and Kellie (Governor of the bank) presided.

TRIBUTE TO THE LATE DR NASMYTH

The Governor, in submitting the report, said:—Before commencing the business of the meeting I have to refer to the loss we sustained during the year through the death of Dr Nasmyth, who, for a period of fifteen years, was a member of the Board of Ordinary Directors, after having served as an Extraordinary Director for a number of years. Dr Nasmyth took a very real interest in the welfare of the bank and his wide knowledge of men and affairs was at all times freely placed at the service of his colleagues. He rarely allowed a day to pass without paying a visit to this office, and to customers and staff alike he was a familiar figure. We miss him greatly.

It is a pleasure to me to preside again at this meeting and to have the satisfaction of presenting for your approval a report and statement of accounts which continue to show steady progress.

In recent years I have been able, when addressing you, to refer to steadily improving business conditions at home, and I am glad to be able to do so again. In almost all spheres of activity progress has been seen and, although at the present time there may be a feeling of hesitancy, largely I think created through difficulty here in assessing the American situation, I see no reason why morbid fear of an early major recession of business activity should be allowed to develop. Last year I emphasised the importance of concentration upon development of overseas trade and referred to the fact that the stimulus given to business at home by the defence programme might obscure for the time being the need ultimately for overseas markets. That need is steadily becoming more apparent; our imports are increasing more rapidly than our exports.

IMPORTANCE OF EXPORT TRADE

We are essentially an industrial nation requiring to pay for the major portion of our foodstuffs and raw materials by manufactured goods and services and, although in the present adverse trade balance there may be exceptional elements, the broad fact remains clear that by every available means our export position must be improved. Under present conditions of restrictions and exchange difficulties, there are few factors present calculated to stimulate development in this department of our activities, but there is a definite spirit of enterprise around us which should be encouraged by all available means. There is no virtue in ignoring the experience of the past and the trade cycle is almost bound to recur, but much can be and I think is being done to minimise the severity of such movement and any irresponsible and ill-founded forecasting of approaching depression is a public disservice of the first magnitude under present circumstances.

DEVELOPING LIGHTER INDUSTRIES

A laudable attempt is being made at the present time to encourage the development in Scotland of the lighter industries, and the experiment of the industrial estate at Hillington, Renfrew, will be watched with much interest by all having the welfare of industrial Scotland at heart. Never was it more evident that originality and initiative in design, as well as good workmanship on well organised lines, are what is required to command markets and the sooner it is realised that the methods of a generation or two ago are not necessarily suited to present conditions the better it will be for our chance of participating to

a satisfactory extent in the lighter industries which form so important a part of the economic structure.

BALANCE SHEET ITEMS

Turning now to the report you will observe that the directors have applied to the reserve fund out of the year's profits, the sum of £50,000, which makes the fund £3,100,000, or £850,000 more than the paid-up capital. A strong reserve position has always been a feature of this bank, and the directors consider that the best interests of all concerned are to be served by still further strengthening an already exceptionally strong position. The cost of operating the business tends steadily to increase, the future is in many respects uncertain, and a large reserve fund employed in the business makes for that stability of earning power which is most desirable in a banking institution.

NOTES IN CIRCULATION

Notes in circulation appear in the balance sheet at £3,768,000, which is £139,000 more than last year, and a satisfactory indication of the greater spending power in the hands of the public.

Deposits and other credit balances at £46,055,000 are higher by over £4,000,000, and constitute a record in the history of the bank.

Acceptances and engagements on account of customers are again higher at £3,380,000, and reflect greater activity on the part of our foreign department, which has been developed and adapted to modern requirements during recent years.

ASSETS

Turning to the assets side, cash, bank balances and money at call and short notice provide a sum of £11,718,000, or approximately £1,200,000 more than last year.

British Government securities amount to £26,611,000, which is £1,377,000 more than last year. Much care has been taken in the selection of our holdings, which for the most part consist of stocks with definite dates of maturity. Outside of the British Government group our investments amount to only £274,000, in which item. The market value of the investments is greater than the amount appearing in the balance sheet. Investments and the preceding cash items you will observe together produce a figure of £38,603,000, equivalent to seventy-seven per cent. of our liabilities to the public by way of deposits and notes in circulation, which I think you will agree is a very liquid and satisfactory position.

Bills discounted appear in the balance sheet at £1,178,000, and as at the date of our balance we did not hold any Treasury bills, the figure which I have mentioned represents bills discounted to our trading customers in the ordinary course of business, and it is satisfactory to observe that this item shows a moderate increase when compared with last year's figure.

LOANS AND ADVANCES

With regard to the item loans and advances, amounting to £14,633,000, there is an increase to record of rather over £1,500,000. This may be considered very satisfactory as improving trade brought with it in the earlier stages a tendency towards repayment of advances which had been required during the period of depression. We are now finding, however, that fresh demands upon us have restored our advance figures to a more satisfactory level, but you will readily see that the bank is in a position adequately to take care of the requirements of our customers.

BANK OF LONDON AND SOUTH
AMERICA, LIMITED

ALL ROUND IMPROVEMENT

DIVIDEND INCREASED TO 5 PER CENT.

LORD WARDINGTON'S ADDRESS

During the year we have continued our policy of improving our properties, which appear in the balance sheet at a total of £950,000, which may be considered a very moderate valuation. Our balance sheet now takes account of a sum of over £58,000,000, which is easily a record in our history and provides an interesting comparison with the figure of £18,000,000, which was the aggregate of assets in the year 1910, when the bank completed its first one hundred years' operations.

PROFIT AND DIVIDENDS

The profit for the year amounts to £395,664, which is arrived at after providing for all bad and doubtful debts. A reduction in profit of approximately £4,000 has been shown this year, but this is not surprising considering that higher taxation has had to be provided for, both in respect of income tax and the new National Defence Contribution. Salaries also have been steadily increased over a period of years but this, I am sure, is a factor which will receive ready approval from the shareholders. I think you will agree that in all the circumstances the results are satisfactory.

As to the allocation of profits, interim dividends have been paid on the "A" shares at the rate of 16 per cent. per annum, and on the "B" shares at the rate of 10 per cent. per annum, and it is now proposed that a further distribution on both classes of shares be made at the same respective rates, subject to income tax.

I have already mentioned that £50,000 has been added to the reserve fund, and there have also been appropriations of £50,000 to property accounts; £30,000 to the trustees for the staff non-contributory pensions fund; £10,000 to the widows' and orphans' fund; and £5,000 to the staff insurance fund. With regard to the contribution to the pension trust, it may interest you to know that these annual sums are clear additions to the fund in the hands of the trustees. The bank is under obligation to the pensioners to meet the annual deficiency arising in the payment of the pensions, while the fund on an actuarial basis is unable to support the full liability. The annual allocations which we have been making, of £30,000, in addition to the payment of the deficiency, is steadily improving the position.

You will observe that after the dividends and allocations out of the year's profits, to which I have referred, have been made, the carry-forward to next year's account amounts to £68,394, or some £3,000 more than the amount brought in.

NEW DIRECTOR

To fill the vacancy caused by the death of Dr Nasmyth, the directors nominated Mr Gilbert Archer to a seat on the board. Mr Archer has taken a prominent part in the business life of Edinburgh and Leith and requires no introduction to a meeting such as this. We are very pleased to welcome him at this our first annual meeting after his nomination. In accordance with the regulations, he retires at this time, and it is proposed that he be re-elected.

RE-ELECTION OF DIRECTORS

It is proposed that I should be re-elected Governor, and Lord Mackenzie, Deputy Governor, and that the extraordinary directors, whose names appear on the list, be re-elected. It is also proposed that Mr Thomson, the ordinary director who retires at this time, be re-elected. Mr Macfarlan and Mr Annan, the auditors, being eligible, offer themselves for re-election for the current year.

The Governor then moved the adoption of the report, and the motion, having been seconded by Mr A. W. Robertson Durham, was put to the meeting and carried.

At the close of the meeting, on the motion of Mr Francis Chalmers, W.S., a vote of thanks was accorded to the directors and the staff for their services during the year, and acknowledged by Professor Candlish Henderson on behalf of the directors and by Mr Erskine, the general manager, on behalf of the staff.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to:—

The Reporting Manager,
THE ECONOMIST,
8 Bowyer Street,
Fleet Street,
London, E.C.4.

Telephone: Central 8631

The seventy-fifth ordinary meeting of the members of the Bank of London and South America, Limited, was held, on the 14th instant, at 6, 7 and 8 Tokenhouse Yard, London, E.C., the Rt. Hon. Lord Wardington, chairman of the bank, presiding.

The Secretary (Mr J. A. Stark) having read the notice convening the meeting and the report of the auditors,

The Chairman, in the course of his speech, said:—I will not detail the items in the balance sheet, as almost all show increases. The total of £79,000,000 is higher by £5,000,000 than that of last year, and whilst this, in part, is due to the slightly improved values of some of the currencies, I am glad to say that it results in a greater degree from an all-round increase in the general business of the bank. Interest and commission rates, however, continue at a low level, and competition for banking business is increasingly keen.

YEAR'S RESULTS

We will now pass to the profit and loss account. On the debit side charges have risen by £532,000 to a total of £1,348,000 but, on the other hand, gross profits are up by £742,000, the total being £1,827,000, and the net result is an improvement in the bank's earning capacity of some £210,000 in the year, the net profit being £462,074 as compared with £252,850 last year. The result is arrived at after providing for bad and doubtful debts and for depreciation on capital employed abroad.

I feel sure that you will agree that this is satisfactory when you bear in mind the relatively low values of many of the currencies in which our profits are made, and furthermore that profit and loss account this year has borne exceptional expenditure, such as the losses of subsidiary companies, which should be non-recurring, as also transfer expenses, likewise non-recurring which under the laws of the various countries, have been incurred in the taking over of the business of the Anglo-South American Bank.

Relieved of these charges, and in the knowledge of the fact that our programme of economies has perforce been a gradual one, only a portion of which has emerged in the year under review, I feel that we can look forward with some degree of optimism to the results of the year now before us. Your board therefore are glad to be able to recommend on this occasion the payment of a dividend of 5 per cent. per annum, subject to income tax.

Mainly through the operation of "compensation" trade treaties, much of the overseas trade of South America continues to be confined within set channels. These arrangements are an integral part of the foreign exchange regimes in certain of the Republics, which include the official control of imports and of rates of exchange, and, generally speaking, there has been little, if any, relaxation of the exchange controls which weigh heavily upon all activities.

HIGHER STERLING VALUE OF CURRENCIES

Nevertheless, if you compare the rates of exchange at which our books were closed on September 30th last with the corresponding rates twelve months earlier, you will see that these represent a higher sterling value for the principal currencies concerned. Thus, the currency of Argentina is valued at 16 pesos to the £ sterling, against 17 as at end-September, 1936; Chilean currency at 124 pesos, against 130; the Peruvian sol at 19.85 soles, against 20.15; Brazilian currency at 79 milreis to the £, against 84½; and Uruguayan at 8.67 pesos, compared with 9.12 pesos. On many occasions at our previous meetings emphasis has been laid upon the vital importance to us of the exchange value of the currencies of the countries where we trade, and in which our capital is invested, and you will appreciate the effect which movements in the rates exercise upon the figures in our balance sheet, which is drawn up in terms of sterling.

The improvement during the past year in the exchange value of the currencies mentioned, as also the rather greater ease of remittance, may be ascribed directly to the improvement in South America's export trade, which resulted from better world demand and enhanced prices for certain primary products.

Events during recent months have demonstrated very clearly the dependence of the Republics upon world commodity market conditions and the characteristic suddenness with which a wave

ORIENT STEAM NAVIGATION COMPANY, LIMITED

HIGHER OPERATING PROFIT

The thirty-eighth ordinary general meeting of the Orient Steam Navigation Company, Limited, was held, on the 14th instant, at the offices, 3 and 5 Fenchurch Avenue, London.

Sir Alan Anderson, G.B.E., M.P., who presided in the absence of the chairman, Mr I. C. Geddes, who is visiting Australia, said that the vote of thanks which Australia gave to the "Orion" had been repeated for the "Orcares" and he mentioned the success of their experiments in air-conditioning.

In the balance sheet the item of "Fleet, etc." was higher on the year by £34,201, being increased by payments on account of "Orcares" and reduced by depreciation and the sale of "Orsova."

Operating profit at £351,000 was higher by £135,000 and would by itself have met depreciation and preference dividends and left something for ordinary dividend. With the help of profit and interest on investments and the balance brought forward, they could pay a dividend of 5 per cent. free of tax on the ordinary shares. The profit and loss account was better, but had not given a return commensurate to the real capital involved in what must always be a risky business.

During the last 13 years they had replaced the whole of their fleet with the exception of the "Ormonde." It might easily cost £400,000 more to build the "Orcares" to-day, and the orders placed in bad times had helped the shipbuilders just as the farmer was helped by rain in drought.

In 1924 some 25,000 migrants per annum were assisted out to Australia and many other third-class passengers paid their fare out and home. In 1930 assisted migration stopped, so rather than let their ships continue running empty, they had decided to alter the "Orama" and her four sisters to carry tourist passengers. When the world returned to sanity and once more spent its exchange on Australian butter and meat and fruit instead of on guns, the demand for settlers would revive. The Commonwealth Government were proposing once more to help settlers nominated by friends in Australia, and they hoped it would be remembered how cheaply the existing ships could carry such migrants outside the few months when the ships were full and how steep would be the curve of rising costs if special ships were to be provided.

In saloon traffic, too, there had been great changes and on one ocean after another services had been established at a scale of speed, luxury and cost far beyond the paying capacity of the traffic. When British travellers were carried under a foreign flag at a high speed for an uneconomic charge they sometimes forgot that the foreign taxpayer bore the loss from no special desire to help them or British trade either in peace or war.

This year it was hoped that many people from Europe would take advantage of the specially reduced fare to attend the 150th birthday of Australia.

The report and accounts were unanimously adopted.

DAVIS ESTATES, LIMITED

PREMIER POSITION MAINTAINED

The annual general meeting of Davis Estates, Limited, was held, on the 16th instant, at Winchester House, London.

Mr M. S. Myers (the chairman) said that during the year the overdraft at the bank had been reduced from £88,469 to £23,528, and sundry creditors had been reduced by some £23,000, while cash was approximately £26,000 as against nil. Debtors had been reduced by £30,000, and the stock, less mortgages, by some £69,000. Cash deposits with building societies had increased by £20,000, and freehold and leasehold investment properties, at cost, had been increased by over £73,000. On the other hand, mortgages had been obtained in connection with these properties, and the result was that the equity was some £22,000 less, but the income was considerably greater. Shares in and loans to subsidiary companies had increased by some £27,000, and the item of goodwill had been reduced during the past three years by £101,405 by the application of reserve accounts.

The profit for the year of £78,587 was slightly less than in the previous year, due to the completing of forward sale contracts entered into prior to the increase in sale prices. One satisfactory feature was that the net amount of income derived from their property investment account, after deducting outgoings of every kind, equalled an amount approximately equivalent to one-half of the interest required for the service of their preference share issue. This was a good result to have achieved in three years.

The preference shares were well covered, both as to capital and interest, and this cover would increase from year to year. No dividend had been paid on the ordinary shares since the inception of the company, although they showed a large earning capacity, this year something approximating to 20 per cent., but the earnings over the company's charges had been "plugged" back into the business. This would not be bad for ordinary shareholders, for virtue, and especially financial virtue, brought its own reward to those who could wait. The company had progressed remarkably well, and owing to its premier position in the trade its present operations and outlook were as good as they had ever been.

Mr A. F. Davis (managing director) said that he would like to say a few words about the building industry and its prospects. That industry was the largest in the country, with a gross turnover estimated at no less than £600 millions per annum. His views were that the building industry, as a whole, including house building, was stable and progressive, and he was confident from reports which he received in course of business that he was justified in making those statements.

As a matter of interest shareholders would no doubt like to hear that one of their wholly owned subsidiary companies, Davis (Contractors), a self-explanatory name, was well known in the building-contracting world, and was carrying out work for architects and municipalities.

As to the future, he realised that he was a wise man who said as little about the future as he could, but he would like to assure them that his fellow directors and he were satisfied that the prospects of that company, built on solid foundations, were excellent.

The report and accounts were unanimously adopted.

BRITISH VACUUM CLEANER AND ENGINEERING COMPANY, LIMITED

A RECORD YEAR

PRE-EMINENT POSITION OF "GOBLIN" CLEANERS

The thirty-fourth ordinary general meeting of The British Vacuum Cleaner and Engineering Company, Limited, was held, on the 15th instant, at the registered offices of the company, Parson's Green Lane, London, S.W.

Mr H. Cecil Booth, F.C.G.I., M.Inst.C.E., chairman and joint managing director, said that the directors were again glad to report that a further increase both as regarded turnover and profits had established another record. A factor which the directors had to meet was the increased cost of materials which had taken place during the year. They determined, as being in the best interests of the company, to develop a still more vigorous attack on the market rather than adopt the alternative of raising prices to the public, and they were satisfied that the results had shown the wisdom of such policy.

The company's trade name, "Goblin," was famous throughout the whole electrical trade of the country, and was accepted as implying a standard of excellence and outstanding value, and there was no doubt that Goblin Cleaners held a pre-eminent position in the vacuum cleaner industry.

The question of further increased accommodation had become one of paramount importance during the past twelve months, and the directors had recently acquired the freehold of a first-class modern factory, with 20 acres of land, between Epsom and Leatherhead.

The company had recently taken steps to broaden further the basis of its operations, and was now marketing, with encouraging signs of success, two lines, viz. electric washing machines and electric clocks, which allied themselves very well with its main business. The company had an excellent range of models, which were being very favourably received and were being marketed under their trade name "Goblin."

The company's sales as from October 1st last to date showed a substantial increase on those of the same period last year.

The directors recommended a final dividend on the ordinary shares of 30 per cent., making 40 per cent. for the year, leaving £8,449 to be carried forward. The balance sheet showed a really strong position, especially when they considered that no items for goodwill, patents or development were included.

In conclusion the chairman paid a tribute to the loyalty and enthusiastic work of the staff during the past year and mentioned that reservation had been made in the accounts for a staff bonus in accordance with the directors' usual policy. He felt that all shareholders would like to know that every employee of the company was granted a minimum of seven days' holiday with full pay, and he was sure the shareholders would cordially endorse the tribute which, on behalf of his co-directors, he had paid to the whole of the company's organisation.

The report and accounts were unanimously adopted.

MITCHELL COTTS AND COMPANY, LIMITED

DIVIDEND OF 10 PER CENT.

The ordinary general meeting of Mitchell Cotts and Company, Limited, was held, on the 16th instant, in London.

Mr Alexander Hamilton (chairman and managing director) said that the profit for the year, which included the net profits of subsidiary companies, whether distributed or not, amounted to £44,258. The directors recommended a dividend of 10 per cent., less tax. As mentioned last year, their principal subsidiary, Mitchell Cotts and Company (South Africa), had acquired a 100 per cent. interest in Thesen's Steam Ship Company, Limited.

As regarded general trading conditions, their export coal business from Durban had been considerably handicapped throughout most of the year because of the very great pressure on the South African railways which had prevented them from giving facilities to the collieries to rail coal to the port in anything like adequate quantities.

The successful operations of their London steamship companies had largely contributed to those results, and it was pleasing to remember in that connection that as the year of these companies ended in December last, full benefit of the improvement in freights was not reflected in the accounts. Freights had within the last few weeks fallen again somewhat. It was felt in any case by a few weeks fallen again somewhat. It was felt in any case by a few weeks fallen again somewhat. It was felt in any case by a few weeks fallen again somewhat.

The acquisition of Thesen's Steam Ship Company had justified itself, and they felt certain it would continue to do so. Since the close of the financial year all the shares in Fraser and Chalmers (South Africa), Limited, had been acquired, and the shareholders had authorised the necessary increase in their capital to provide for that purchase and for possible other similar developments. They remained convinced that that acquisition would not merely be advantageous in itself and a source of increased profit to the company, but that the association with that important and well-established company in South Africa and Rhodesia would bring strength and numerous other advantages to the company.

The report was unanimously adopted.

AGAR, CROSS AND COMPANY, LIMITED

SUBSTANTIAL RISE IN PRICES

The thirty-first ordinary general meeting of this company was held, on the 16th instant, in London.

Mr Stuart C. Sheppard (chairman), in the course of his speech, referred specially to the loss they had suffered through the death of their managing director, Mr H. S. F. Alexander; the resignation of Sir William Coats Cross, Bart., from the board, under medical advice, and the new additions to the board—Mr Charles Hendry, Mr Walter Woodbine Parish and Mr James Asher; also that Mr William A. Agar, whilst retiring from the chairmanship, still remained a member of the board.

He dealt with the issue of £350,000 5½ per cent. five-year unsecured notes, explaining terms and conditions thereof, and that with funds thus obtained the company had been able to effect a cash settlement of indebtedness to their two principal American suppliers, thus obtaining a substantial saving.

After dealing with the balance sheet in detail, he explained that the exchange deficiency account had been merged into the profit and loss figures, giving the reasons therefor, and that this alteration enabled this year's accounts to be presented in a form which, besides showing the actual year's trading, would make future yearly comparisons easier and more accurate—as it included all known exchange depreciation on net movable assets to date of balance. The gross balance now stands at £310,195, as against £537,700 last year.

The Chairman then touched upon the substantial rise in the company's sales due to improved economic conditions in their trading territories, and the benefits accruing from more stable exchange. The first five months of the present financial year showed an improvement of over 50 per cent. on the monthly sales, and in the aggregate it was thought that reasonably satisfactory crops on the whole could be secured, and they might look for a continuance of an increase in sales.

The accounts were duly passed, as also the resolution converting the share capital of the company into stock.

The shareholders having requested the chairman to express their condolences to Mrs Alexander, the proceedings terminated with a vote of thanks to the chairman, directors and staff.

THE INDUSTRIAL CREDIT COMPANY, LIMITED

IMPROVED PROFIT-EARNING POSITION

The fourth annual general meeting of the shareholders of the Industrial Credit Company, Limited, was held, on the 14th instant, at the offices of the company, 9 Leinster Street, Dublin.

The Chairman, Mr J. P. Colbert, said:—Ladies and Gentlemen, We have under consideration to-day the fourth annual balance sheet of the company. You will have noted that our profits show a decline as compared with last year. The gross profit is £38,625, being £7,853 less than that for 1936. There has been a slight saving in expenses, and the net profit, at £30,898, shows a decline of £7,690.

No particular significance must be attached to this recession in our profits. A substantial proportion of our earnings was derived from our underwriting activities, and as this source of income is liable to considerable fluctuation, a certain element of variability must necessarily be reflected in our accounts. During the year the company undertook five capital issues, as against six in the previous year, but the turnover involved was only £428,707 as against £1,149,400. Profits on realisation of investments have constituted another accidental factor affecting our net earnings. At last year's meeting, in recommending the allocation of £10,000 to investment reserve, I indicated that the bulk of this sum represented capital profits. It so happens that during the last year realisations of shares have been considerably less.

The decline in revenue from these two sources would more than account for the decrease in our net profit. On the other hand, our revenue from loans and investments has shown a very satisfactory expansion during the year, despite the fact that we have had to sell revenue-producing securities in order to afford funds to enable us to take up commitments in entirely new industries. On the whole, therefore, the potential profit-earning position of the company may be said to have improved during the year.

We recommend that out of the amount of £35,194 available the sum of £10,000 be added to reserve fund, £10,000 to investment and other reserves, and £5,000 to contingency reserve, leaving a balance of £10,194 to be carried forward.

The report and accounts were adopted.

IND COOPE AND ALLSOPP, LIMITED

INCREASED SALES AND PROFIT

The twenty-fifth ordinary general meeting of Ind Coope and Allsopp, Limited, was held, on the 13th instant, at the Abercorn Rooms, Great Eastern Hotel, London, E.C.

Colonel the Rt. Hon. Sir L. G. Courthope, Bt., M.C., M.P., (the chairman), said that they had had another good year, and had made satisfactory progress with the work of amalgamation of the numerous companies controlled by Ind Coope and Allsopp.

The trading profit for the year to September 30th last was £914,501, as against £768,621 in 1936, an increase of nearly £146,000. The considerable increase in trading profit was accounted for by larger sales in bulk and bottle. For the year 1937 they had a full year of the Nalder and Collyer trade, whereas in 1936 they had only a little over five months, and, in addition to that, the general trade in bulk and bottle showed a satisfactory improvement, due no doubt to the greater prosperity in the country. The trading results in their managed houses also showed a very gratifying increase.

With regard to the combined statement of assets and liabilities of the parent company and its subsidiaries, it was most satisfactory that the excess of assets over liabilities of the whole group had increased by nearly £160,000. They had five breweries working, two large ones at Burton-on-Trent, a large one at Romford and two small ones at Liverpool and Plymouth. All those breweries were working to more or less full capacity at busy periods of the year. He was able to assure shareholders that all their breweries and bottling stores were well managed and up-to-date. Manufacturing methods and machinery were under constant revision.

Their stocks of brewing materials were adequate, both in quantity and quality. During recent months the cost of materials, particularly malt and barley, had risen materially, but they were well bought, and much of their barley and malt had been purchased before the rise in prices; but the rise could not fail to affect the current year's accounts. In common with other brewers, they endeavoured to use as much home-grown malt as possible.

From the balance available for disposal they proposed to pay a final dividend of 20 per cent., less tax, making 27½ per cent. for the year.

The report and accounts were unanimously adopted.

OROVILLE DREDGING COMPANY, LIMITED

LARGER EARNINGS ANTICIPATED

The twenty-sixth ordinary general meeting of the Oroville Dredging Company, Limited, was held, on the 10th instant, at 20 Aldermanbury, London.

Mr Frederick W. Baker (the Chairman) said that shares in companies at cost stood at £278,047, as against £332,461 in last year's accounts, resulting from the writing off of £58,914 from premium account, and their holding in Pato Mines of Columbia, remained at £139,877, the same figures as appeared in last year's accounts, the two items together making up a total of £417,924.

Dividends had been received amounting to £68,449, and other credits increased the total to £73,666. After deducting the dividends paid in December, 1936, and April, 1937, there was a balance of £136,253 to be carried forward.

Turning to Pato Consolidated Gold Dredging, dredges Nos. 1 and 2 dredged 3,668,000 cubic yards, and 193,700 cubic yards were treated hydraulically, averaging over the whole 15.19 cents per cubic yard, and the operating profit was \$244,627. For the five months of the current financial year dredges Nos. 1 and 2 dredged 1,371,000 cubic yards, averaging 21.58 cents. Dredge No. 3 was completed in May last, and dredges 4 and 5 should be ready to operate early next year. The successful result of hydraulic work carried out during the year had justified the purchase of four additional units.

ENORMOUS GRAVEL RESERVES

The head consulting engineer of Placer Development estimated that the properties controlled by Pato Consolidated contained 600 million cubic yards of gravel of an average recoverable value of between 14 and 15 cents per cubic yard, gold taken at \$35 per ounce, and that, in addition, 37 million cubic yards of gravel suitable for hydraulic with an average recoverable value of 25 cents per yard had been proved. He estimated that, with five dredges in operation, the dredging costs would not exceed 7 cents per cubic yard. It was expected to dig around 16 million cubic yards of gravel annually, and the hydraulic units now being installed should handle yearly a further 1,500,000 yards. The report gave the estimated average recoverable value of the dredging ground as between 14 and 15 cents per cubic yard, but the chances were that for many years to come the average recovery would be more like 20 cents a yard.

The company's holding in the Asnazu Gold Dredging remained unaltered. For their financial year 1,542,000 cubic yards were dredged, averaging 49.67 cents per cubic yard, and the operating profit was \$436,000. Dividends of 10 cents per share were paid in April and October, 1937.

With regard to the company's interest in Bulolo Gold Dredging, during the year the four Bulolo dredges dredged 11 million cubic yards, the bullion produced realising \$4,870,000, with an operating profit of \$3,585,000. Two interim dividends, equal to \$2.90 per share, had been paid, and a further interim dividend for the current year of \$1.50 (Canadian) had been declared.

IMPROVED INCOME PROSPECTS

He had stated in his remarks to them at last year's annual meeting, that with the enormous gravel reserves controlled by Pato Consolidated, which would, in due course, as the construction programme was carried out, come into profitable operation, they might look for a gradual augmentation of dividend payments, culminating in maximum returns within a period of from two to three years.

It would be clear to them from his remarks that they should, during the coming year, be beginning to reach that period of dividend augmentation, as they were on the eve of completing the first and most important stage of their construction programme, so that from the early part of next year they might anticipate increased yardages handled with corresponding additions to income, to be followed by further increases of earnings as Bulolo and Asnazu's additional dredge construction programme was completed and the developments at Nechi, as planned, should title be secured, were carried out. They would endeavour, as far as it was possible, to repay existing loans effected by Pato Consolidated in the past and provide for further capital outlay to carry out their expanding programme by the sale of working capital shares, rather than by the reinvestment of their earnings in the business to the prejudice of dividend distribution: a policy followed by Pato Consolidated in the past two years.

The report was unanimously adopted.

KWAHU MINING COMPANY, LIMITED

SUCCESSFUL RESULTS—GOOD PROSPECTS

The ordinary general meeting of this company was held, on the 13th instant, in London.

Lieut.-Colonel Frank Johnson, D.S.O. (the chairman), in the course of his speech, said that, referring to their 25 per cent. interest in the Tokosea Mine, the board still thought very highly of this old mine, and had no hesitation in taking advantage of the opportunity to increase their interests to 33½ per cent.

To prevent any misunderstanding and to stop any rumours that might be current he would state they still held, and were likely to continue to hold, the 765,000 shares in the Gold Coast Main Reef and 400,000 shares in the Marlu Gold Mining Areas. Last year he referred to the Marlu Gold Mining Areas as likely to be added to the small and historic list of the world's great mines, and he now saw no reason to change the opinion he then expressed.

Shareholders would have seen the ever-increasing profits in the first few months during which the reduction plant had been running. When the whole plant was in operation there was every reason to anticipate a profit of about three quarters of a million pounds per annum, one-twentieth of which would come to the Kwahu Company and represented almost 100 per cent. on its capital. So long as they were in a position to recommend the payment of 100 per cent. from the dividends they were likely to get from the Marlu Gold Mining Areas and Gold Coast Main Reef it was their intention to regard their holdings in the other companies given in the report as a potential reserve to be realised as and when they deemed it expedient. Their 765,000 shares in the Gold Coast Main Reef, at their market valuation, represented nearly five times the capital of the company.

Referring to the interim dividend of 25 per cent., free of tax, the board believed that it was the first and last occasion on which such a comparatively small dividend as 25 per cent. would be distributed. He asked the shareholders to remember the statement that he had made to the effect that the board had every reason to look forward to asking their approval of the distribution of 100 per cent. per annum during the next few years, in which time a substantial reserve was being built up.

The report was unanimously adopted.

ANGLO-ECUADORIAN OILFIELDS, LIMITED

RECORD DISTRIBUTION

The nineteenth annual ordinary general meeting of the Anglo-Ecuadorian Oilfields, Limited, was held, on the 14th instant, at Winchester House, London, Mr. H. C. R. Williamson (chairman of the company) presiding.

The Chairman, in moving the adoption of the report and accounts, said:—When I had the pleasure of addressing you last year I described the report as encouraging and healthy. I believe you will agree that, judged by the report which we are at the moment considering, that measure of good health which we enjoyed last year might almost be described as robust health to-day.

It is a great pleasure to your board to be able to recommend the payment of a dividend of 10 per cent., plus a bonus of 5 per cent. This is the largest distribution ever made by the company and, if we find ourselves in a position to repeat it in future, we shall, I think, have no reason for dissatisfaction.

There are some slight indications to-day of a certain weakness in the gasoline price structure in the United States market. Stocks of gasoline at this time of the year have a tendency to rise, and States prove exceptionally severe, for refineries in that case have to cater for a greatly increased consumption of oil for heating purposes, necessitating the manufacture of a corresponding amount of gasoline which, owing to weather conditions, does not rapidly go into consumption. However, the various State Governments and the industry in the United States are fully alive to these factors, and, I believe, will maintain that spirit of co-operation which has resulted, during the past year or more, in the maintenance of comparatively stable conditions and the avoidance of wastage.

In conclusion I would say to you this—Do not expect anything spectacular from this company. We have had a successful year, but everything has been in our favour. The pendulum may swing the other way. Meantime, if there is no material change in crude prices or in exchange rates, I venture to hope that we shall again make a satisfactory showing for you in the current year.

The report and accounts were unanimously adopted.

WILUNA GOLD CORPORATION, LIMITED

AN EMINENT GEOLOGIST'S RECOMMENDATIONS

Presiding at the annual general meeting held in London, on the 13th instant, Mr John A. Agnew (chairman), in moving the adoption of the report and accounts, said that as the subsidiary company (Wiluna Gold Mines, Limited) had paid no dividend in respect of the year to March 31st last, the Corporation was similarly unable to make any distribution. Operations of the Mines Company had shown a net profit for the year of £267,846 (Australian), which had been absorbed by expenditure on new plant and development.

The main factor was the diminished size and progressive impoverishment of both the east and west lodes. These tendencies had now persisted over so great a distance that their significance must not be minimised. The ore deposits at Wiluna had presented unusual features from the first. It was unusual that a lode like the East Lode, presenting such strong and well-marked shearing over great distance, should prove so erratic at depth. It was also unusual that the large West Lode No. 2 ore-body had not come within 300 ft. of surface and had been encountered unexpectedly.

This analogy alone indicated the strong chance that in the large unexplored area especially to the south of the main workings other lodes existed, possibly of equal or greater value. They considered the chances sufficiently good to warrant intensive exploration. The present ore reserves gave them a life of approximately four years, they had a good plant and smelting indicated a higher gold extraction. During that period such proportion of the working profit as was deemed necessary would be devoted to intensive and exhaustive exploration.

He added that Dr Connolly, an eminent geologist, had just completed an investigation, and a cabled summary of his report contained recommendations for an extensive drilling programme in favourable areas, and it was satisfactory to note that there was a possibility of a recurrence of values below the present zone of the main workings. Dr Connolly pointed out that the present ore structure bore no relation to the surface which might have been thousands of feet above the present surface and that the Wiluna ore-shoots which had produced 1,300,000 ozs. of gold were once deep-seated. This gave more than hope of a recurrence of the lodes at still greater depth. The programme of exploration recommended coincided with their own views, and they proposed to proceed with this work at once.

The report and accounts were unanimously adopted.

MESSINA (TRANSVAAL) DEVELOPMENT COMPANY, LIMITED

PROFITS DOUBLED

The annual general meeting of the Messina (Transvaal) Development Company, Limited, was held, on the 15th instant, in London.

Lieut.-Col. John P. Grenfell (the chairman) said that at the annual meeting last year he stated that their profits in the coming year would be double those of the preceding year, and that prediction had been more than borne out by the accounts now presented. The receipts from sales of copper and from sundry revenue amounted to £536,407, compared with £350,074 in the preceding year. The total expenditure was £379,705, leaving £156,701 as a result of the year's working.

The total of Messina Mine reserves had increased to 911,125 tons, assaying 1.96 per cent., as against 715,350 tons, assaying 2.07 per cent. last year. Harper Mine had added a further 100,000 tons to its reserves and, as the grade had been higher, the figures now stood at 619,890 tons, assaying 2.74 per cent. Cu, as against 519,840 tons, assaying 2.47 per cent. Cu last year. The lower levels were looking very good, with largely extended ore bodies of high grade. Both to the east and west the surface indications were of a promising nature, and indicated considerable further tonnages of ore.

At the further end of their copper field they were developing the Campbell Mine. At present they had as reserves 37,510 tons of 2.22 per cent. Cu, as against 11,460 tons of 1.75 per cent. Cu last year. The results of this mine were definitely promising, and when they got to the 600 ft. level he anticipated that they would have a valuable addition to their other twin mines, Messina and Harper. The total addition to the ore reserves was 325,755 tons, an increase of 25 per cent. and he was informed that a rough computation up to date showed a further large increase.

They proposed to pay a final dividend of 20 per cent., making 35 per cent. for the year, and after providing for taxation, to carry to general reserve an amount which would bring it up to £250,000. After doing that they were left with a strong cash position. Ore reserves had reached a figure of approximately 1,600,000 tons, an increase of 325,000 tons.

The report and accounts were unanimously adopted.

RATANUI RUBBER LIMITED

LARGELY INCREASED PROFIT

The third annual general meeting of Ratanui Rubber, Limited, was held, on the 15th instant, at 7 Martin's Lane, London.

The Chairman (Mr W. Arthur Addinsell) said, in the course of his remarks:—The profit for the year at £9,700 is more than three times greater than that earned for the previous year. The factors responsible were the substantial increase in the quantity of rubber allowed for export, and the higher average net sale price by approximately 2½d. per lb. The proposal is that the dividend should be raised from 4 per cent. for last year to 10 per cent. Some of you may have considered that a more liberal distribution should have been recommended, but prevailing conditions justify an attitude of caution.

The allocation of £1,000 to replanting reserve and the writing down of the book value of buildings, etc., leaves £2,336. The contribution to the National Defence Fund will call for approximately £110, and after providing for the staff bonus and directors' extra remuneration, there will be a net carry-forward of about £1,600 as compared with £1,011 brought in.

Permission has been granted to the company to extend the planted area by the opening of 50 acres of reserve land. This area is now completely planted up with specially selected budgrafted material. It should, in time, form a valuable addition to the area under cultivation.

Our investment in Endors is equal to approximately 60 acres, so that our total rubber interest is capitalised at about £33 per acre, which speaks for itself. The financial position is sound, provided the industry receives the treatment to which it is entitled. Fears have been expressed that events in the U.S.A. would check consumption, and the International Rubber Control Committee has deemed it necessary to impose a cut in the export rate. The crop which we shall be allowed to export during the twelve months ending June 30th next should not be appreciably less than that for the past year, but we cannot calculate with any certainty what the average sale price will be. The position of the company has been strengthened by prudent finance, and I hope that a year hence the results will show that the rate of dividend can at least be maintained.

The report and accounts were unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended December 11, 1937, amounted to £11,576,000, against ordinary expenditure of £13,513,000. After increasing Exchequer Balances by £139,987 the operations for the week, as shown below increased the gross National Debt by £2,077,000, to about £8,275 millions.†

† Including £575 millions on account of Exchange Equalisation Account.

(000's omitted)

Treasury Bills	+ 8,597	Bank of England Advances	- 8,750
Public Department Advances	+ 2,689	National Savings Certificates	- 150
		P.O. and Teleg. (Money) Act.....	- 300
			- 9,200

An approximate analysis of the National Debt as at September 30, 1937, appeared on page 41 of *The Economist* of October 2nd.

REVENUE	Receipts into the Exchequer from				
	Estimate for the year 1937-38	April 1, 1936, to Dec. 12, 1936	April 1, 1937, to Dec. 11, 1937	Week ended Dec. 12, 1936	Week ended Dec. 11, 1937
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	288,150,000	72,082,000	83,714,000	491,000	531,000
Sur-tax	58,000,000	7,840,000	8,990,000	290,000	400,000
Estate, etc., Duties	89,000,000	58,650,000	63,130,000	1,800,000	1,890,000
Stamps	29,000,000	17,210,000	15,190,000	1,770,000	1,490,000
National Defence Contribution	2,000,000	...	21,000	...	6,000
Other Inland Revenue					
Duties	1,500,000	140,000	420,000	...	40,000
Total Inland Revenue	467,650,000	155,902,000	171,465,000	4,351,000	4,157,000

REVENUE	Receipts into the Exchequer from				
	Estimate for the year 1937-38	April 1, 1937 to Dec. 12, 1936	April 1, 1937 to Dec. 11, 1937	Week ended Dec. 12, 1936	Week ended Dec. 11, 1937
Customs and Excise—					
Customs	219,850,000	149,535,000	157,175,000	4,984,000	4,885,000
Excise	113,150,000	77,000,000	80,200,000	1,600,000	1,743,000
Total Customs and Excise	333,000,000	226,535,000	237,375,000	6,584,000	6,628,000
Motor Vehicle Duties	34,000,000	111,232,000	11,360,000	—	—
Post Office (Net Receipts)	11,800,000	11,300,000	11,560,000	500,000	650,000
Post Office Fund	—	—	24,659	—	—
Crown Lands	1,350,000	1,020,000	990,000	—	—
Receipts from Sundry Loans	4,300,000	3,614,255	4,286,638	89,093	140,625
Miscellaneous Receipts	11,000,000	14,545,238	9,909,449	148,592	421
Total Ordinary Revenue	383,100,000	424,148,493	446,970,746	11,672,685	11,578,046
SELF-BALANCING REVENUE					
Post Office (Revenue required to meet expenditure on Post Office and Broadcasting)	75,198,000	46,300,000	48,990,000	900,000	950,000
Total		470,448,493	495,960,746	12,572,685	12,528,046

EXPENDITURE	Issues out of the Exchequer to meet payments from				
	Estimate for the year 1937-38	April 1, 1936 to Dec. 12, 1936	April 1, 1937 to Dec. 11, 1937	Week ended Dec. 12, 1936	Week ended Dec. 11, 1937
ORDINARY EXPENDITURE					
Interest and Management of National Debt	224,000,000	176,230,980	179,051,217	1,858,948	2,587,059
Payments to Northern Ireland	8,000,000	4,423,781	4,891,236	—	—
Exchequer	3,200,000	1,477,737	1,991,405	—	—
Other Consolidated Fund Services	300,000	420,529	—	—	—
Post Office Fund	—	—	—	—	—
Total	235,500,000	182,553,027	185,933,858	1,858,948	2,587,059
Total Supply Services (excluding Post Office and Broadcasting)	182,734,800	137,741,819	140,506,547	14,075,000	10,928,000
Total Ordinary Expenditure	882,848,000	559,971,206	606,440,405	15,933,948	13,513,059
SELF-BALANCING EXPENDITURE					
Post Office Vote and Vote for Broadcasting	75,198,000	46,300,000	48,990,000	900,000	950,000
Total		606,271,206	655,430,405	16,833,948	14,463,059

† Including margin for Civil Supplementary Estimates but excluding £80,000,000 estimated to be met from borrowed moneys under the Defence Loans Act, 1937.
‡ Motor Vehicle Duties apportioned to Road Fund treated as Self-Balancing in 1936-37 now added to Revenue and Expenditure figures for purposes of comparison.

The aggregate issues and receipts from April 1, 1937, to December 11, 1937, are shown below:—

(000's omitted)		(000's omitted)	
Ordinary Expenditure	606,440	Ordinary Revenue	446,971
Issue to Exchange Equalisation Fund (July, 1937)	200,000	Decrease in balances	152
		Gross borrowing	1,365,522
		Less:—	
		New Sinking Fund	6,196
		Old S. Fund, 1907-08	9
		Net borrowing	359,317
			806,440

POSITION OF THE FLOATING DEBT

Ways & Means Advances Outstanding:	Dec. 12, '36	Mar. 31, '37	Dec. 11, '37	Dec. 11, '37
Advances by Bank of England	—	10,250,000	—	8,750,000
Advances by Public Departments	27,900,000	23,535,000	42,590,000	2,680,000
Treasury Bills outstanding	822,135,000	674,595,000	918,755,000*	8,585,000

Total Floating Debt 850,035,000 698,130,000 971,595,000 + 2,525,000
* Includes £12,000,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £50,000,000 Treasury Bills were opened on December 10, 1937. The amount applied for was £91,500,000. Tenders were accepted for Treasury Bills at three months dated Monday at £99 16s. 2d. and above, in full, Tuesday to Saturday at £99 16s. 1d. about 61 per cent. and above, in full. The average rate per cent. was 15s. 8 9/16d.

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 4, 1935	30,000,000	49,560,000	27,500,000	0 6 1/4
July 5, 1935	40,000,000	80,905,000	40,000,000	0 12 4/8
January 3, 1936	35,000,000	88,075,000	35,000,000	0 10 10/16
July 3, 1936	50,000,000	72,750,000	50,000,000	0 12 1/2
January 1, 1937	45,000,000	75,450,000	45,000,000	0 12 5/8
July 3, 1937	45,000,000	72,025,000	45,000,000	0 10 10/16
October 1, 1937	50,000,000	84,285,000	50,000,000	0 10 9/16
December 3, 1937	50,000,000	81,430,000	50,000,000	0 18 2/16
December 10, 1937	50,000,000	91,500,000	50,000,000	0 15 8 9/16

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended November 13, 1937	609,502	457,126
Week ended November 20, 1937	683,461	497,596
Week ended November 27, 1937	524,919	3 3 689
Week ended December 4, 1937	618,567	463,925

THE BANKERS' GAZETTE

BANK OF ENGLAND

RETURN FOR WEEK ENDED WEDNESDAY,
DECEMBER 15, 1937

ISSUE DEPARTMENT

Notes issued:—	£	Government Debt	11,015,100
In Circulation	501,954,435	Other Government Securities	208,687,271
In Banking Department	44,452,190	Other Securities	287,840
		Silver Coin	9,789
		Amount of Fiduciary Issue	220,000,000
		Gold Coin and Bullion	328,406,825
			546,406,825

BANKING DEPARTMENT

Proprietors' Capital	£14,553,000	Government Securities	£95,008,165
Reserve	3,353,045	Other Securities	—
Public Deposits*	11,432,250	Discounts and Advances	7,818,748
Other Deposits	—	Securities	£20,716,762
Bankers' Accounts	£103,381,527	Notes	28,565,510
Other Accounts	£36,462,632	Gold and Silver Coin	1,156,589
	139,844,159		169,182,454

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

Both Departments	Amount, Dec. 15, 1937	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	501,954,435	+ 9,123,744	+ 34,258,102
Public deposits	11,432,250	+ 308,542	+ 1,005,578
Bankers' deposits	103,381,527	+ 2,924,735	+ 2,230,025
Other deposits	36,462,632	+ 195,212	+ 2,293,946
Total outside liabilities	153,236,844	+ 3,548,233	+ 40,201,759
Capital and rest	17,906,045	+ 29,098	+ 3,727
Government debt and securities	314,710,536	+ 7,787,034	+ 25,937,280
Discounts and advances	7,818,748	+ 1,791,911	+ 1,105,960
Other securities	21,004,612	+ 238,110	+ 31,033
Silver coin in issue department	9,789	—	—
Coins and bullion (bank's reserves)	327,563,214	+ 15,621	+ 13,223,288
Reserves of notes and coin in banking department	45,608,779	+ 9,140,368	+ 1,035,814
Proportion of reserve to outside liabilities—			
(a) Banking Department only ("proportion")	30.1%	— 5.3%	— 2.0%
(b) Gold stocks to deposits and notes ("reserve ratio")	50.1%	— 0.5%	— 1.2%

(000's omitted)

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1937							
Nov 24	546,407	480,374	35,358	83,598	36,348	NU	2
Dec. 1	546,407	485,678	11,985	105,673	36,548	NU	2
" 8	546,407	492,831	11,742	106,310	36,548	NU	2
" 15	546,407	501,954	11,432	103,382	36,463	NU	2

(000's omitted)

Date	Issue Department		Both Depts.		Banking Department			Reserve and "Proportion"
	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio	Govt. Securities	Discounts & Advances	Other Securities		
1937								
Nov 24	218,752	1,238	327,952	51 1/2	76,133	8,601	20 868	43 1/2
Dec. 1	219,399	649	327,997	51 1/2	76,823	10,822	20,708	42 1/2
" 8	219,702	298	327,579	50 1/2	77,243	9,641	20,955	41 1/2
" 15	219,702	298	327,563	50 1/2	76,008	7,849	20,717	40 1/2

BANKERS' CLEARING RETURNS

LONDON (000's omitted)

	Town	Metropolitan	Country	Total
January 1 to December 1, 1937	33,972,115	1,988,705	3,603,242	39,564,062
Week ended December 5	685,944	49,414	83,617	828,975
Week ended December 12	618,754	37,274	68,156	724,184
Total to date, 1937	35,276,813	2,075,393	3,665,015	41,017,221
Total to date, 1936	35,108,413	1,939,082	3,371,451	38,418,946
Increase or decrease in 1937	+ 2,168,400	+ 136,311	+ 293,564	+ 2,598,275
	+ 6.1%	+ 7.0%	+ 8.7%	+ 6.8%
Total for year 1936	36,039,356	2,039,820	3,537,598	41,616,774
Total for year 1937	32,443,575	1,887,112	3,229,064	37,559,751
Increase or decrease in 1936	+ 2,895,781	+ 182,508	+ 308,534	+ 3,386,823
	+ 8.0%	+ 8.1%	+ 8.6%	+ 8.2%

PROVINCIAL (000's omitted)

No. of working days:	Week ended December 11		Month of November (Dublin excluded)			Aggregate Totals January 1 to December 11	
	1936	1937	1936	1937	Inc. or Dec.	1936	1937
BIRMINGHAM	3,504	2,562	13,757	10,871	-20.9	132,770	128,815
BRADFORD	1,160	770	4,648	3,622	-22.0	48,578	49,460
BRISTOL	1,326	1,299	5,736	5,850	+1.9	63,497	63,705
DUBLIN	5,280	5,234	—	—	—	279,776	285,693
HULL	878	863	3,500	3,881	+10.8	40,645	44,889
LEEDS	784	680	3,322	3,118	-6.1	38,191	37,015
LIVERPOOL	6,989	5,594	30,877	27,318	-11.5	310,139	338,320
MANCHESTER	10,453	9,726	47,438	46,254	-2.4	65,533	73,514
NEWCASTLE	1,413	1,316	6,126	6,603	+7.7	25,149	25,339
NOTTINGHAM	503	516	2,198	2,121	-3.5	49,659	53,949
SHEFFIELD	928	917	4,362	4,709	+7.9	—	—
	33,952	30,280	125,932	118,132	-6.1	1,604,362	1,690,080

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Bank of Turkey appeared in *The Economist* for June 26, 1937. Egypt, Danzig, Lithuania and Estonia in November 27, Argentina and Finland in December 4, Canada, Denmark, International Settlements, Norway, Poland, Roumania, Federal Reserve Reporting Members, Greece and Czechoslovakia in December 11.

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

U.S. FEDERAL RESERVE BANKS					
	Dec. 17, 1936	Nov. 26, 1937	Dec. 2, 1937	Dec. 9, 1937	Dec. 16, 1937
12 U.S.F.R. BANKS					
RESOURCES					
Gold Certificates on hand and due from the Treasury	8,853,620	9,122,400	9,121,900	9,121,910	9,121,910
Total reserves	9,098,510	9,451,520	9,453,980	9,442,880	9,444,010
Total cash reserves	232,750	319,180	322,260	311,280	313,180
Total bills discounted	7,680	2,830	2,830	17,390	15,770
Bills bought in open market	3,090	2,830	2,830	2,820	2,800
Total bills on hand	10,770	18,690	18,690	20,210	18,600
Industrial advances	25,310	18,590	18,460	18,450	18,430
Total U.S. Govt. securities	2,430,230	2,584,010	2,584,010	2,584,010	2,584,010
Total bills and securities	2,466,310	2,601,290	2,602,349	2,602,680	2,601,040
Total resources	12,575,080	12,757,800	12,841,930	12,732,580	12,923,970
LIABILITIES					
Federal Reserve notes in actual circulation	4,268,970	4,264,830	4,279,490	4,294,880	4,233,100
Aggregate of excess member bank reserves over requirements	2,050,000	1,140,000	1,120,000	1,050,000	1,060,000
Deposits—Member bank—reserve account	6,874,160	6,948,930	6,906,470	6,836,280	6,884,410
Government deposits	172,830	113,300	178,640	241,810	231,510
Total deposits	7,047,590	7,547,040	7,542,460	7,523,760	7,534,970
Capital paid in and surplus	302,980	305,970	305,960	305,970	306,020
Total liabilities	12,575,080	12,757,800	12,841,930	12,732,580	12,923,970
Ratio of total resources to deposit and F.R. note liabilities combined	80.2%	80.0%	80.0%	79.9%	79.8%
U.S.F.R. BANKS AND TREASURY COMBINED					
RESOURCES					
Monetary Gold Stock	11,222,000	12,774,000	12,774,000	12,764,000	12,765,000
Treasury and National Bank Currency	2,532,000	2,619,000	2,621,000	2,623,000	2,625,000
LIABILITIES					
Money in circulation	6,552,000	6,554,000	6,568,000	6,591,000	6,596,000
Treasury Cash and Deposits with F.R. Banks	2,519,000	3,739,000	3,804,000	3,864,000	3,852,000
RESERVE BANK—In \$s					

BANK OF PORTUGAL.—In escudos (000's omitted)

	Nov. 4, 1936	Oct. 6, 1937	Oct. 13, 1937	Oct. 20, 1937	Oct. 27, 1937	Nov. 3, 1937
Assets						
Gold	510,911	916,474	916,496	916,500	916,500	916,507
Balances abroad	555,302	650,795	645,928	649,689	650,131	650,131
Discounts	325,473	320,177	321,799	321,172	319,838	322,814
Securities	130,138	124,410	124,410	124,410	124,395	124,393
Government loans	1,044,201	1,042,249	1,042,249	1,041,593	1,041,593	1,041,593
LIABILITIES						
Notes in circulation	2,153,578	2,151,174	2,121,969	2,107,390	2,121,139	2,167,522
Deposits: Government	468,803	310,787	316,029	315,368	286,356	277,974
Bankers'	407,596	711,402	732,757	745,839	735,931	718,737
Other	64,982	89,058	88,285	86,579	119,403	110,507
Foreign commitments	37,450	56,757	55,463	55,087	55,029	54,149

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

	Dec. 7, 1936	Nov. 15, 1937	Nov. 23, 1937	Nov. 30, 1937	Dec. 7, 1937
Assets					
Cash reserve: Gold coin and bullion	242,776	243,143	243,152	243,155	243,183
Net foreign exchange	105,587	152,364	154,539	157,457	160,130
Bills discounted	207,044	185,940	184,515	185,767	184,503
Federal debt	624,444	620,152	620,152	620,152	620,152
LIABILITIES					
Notes in circulation	874,686	854,161	802,894	907,090	867,962
Deposits	290,143	343,166	387,834	298,885	339,988

N.B.—5,978-26 schillings = 1 kg. fine gold, Dec. 31, 1936, and after.

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

	Dec. 7, 1936	Nov. 15, 1937	Nov. 23, 1937	Nov. 30, 1937	Dec. 7, 1937
Assets					
Metal reserve—					
Gold coin and bullion	84,056	84,056	84,056	84,056	84,056
Foreign exchange	33,963	54,675	55,306	56,530	57,139
Token money	6,478	6,714	8,419	7,337	7,171
Inland bills, warrants and securities	490,103	392,142	393,253	421,951	406,126
Advances to Treasury	94,885	114,436	114,436	114,436	114,282
LIABILITIES					
Notes in circulation	383,545	399,094	369,135	430,804	408,778
Current accounts, deposits, etc.	200,337	231,267	267,847	236,215	248,373
Cash certificates	92,901	89,233	89,233	89,233	89,689
Other liabilities	167,347	171,145	172,922	174,102	172,910

NATIONAL BANK OF JUGOSLAVIA.

In dinar (000's omitted)

	Dec. 8, 1936	Nov. 22, 1937	Nov. 30, 1937	Dec. 7, 1937
Assets				
Cash reserve:				
Gold at home and abroad	1,602,258	1,759,169	1,759,323	1,754,878
Other foreign exchange	602,628	484,132	471,567	507,152
Bills and advances against security	1,716,489	1,600,845	1,614,172	1,608,514
Government advances	1,682,390	1,852,733	1,652,755	1,652,933
LIABILITIES				
Notes in circulation	5,219,200	5,534,200	5,783,294	5,675,697
Sight deposits	1,656,678	2,736,323	2,515,047	2,643,040

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

	Nov. 30, 1936	Oct. 31, 1937	Nov. 15, 1937	Nov. 23, 1937	Nov. 30, 1937
Assets					
Gold holdings	1,618,134	1,870,538	1,999,669	1,999,669	1,999,669
Balances abroad and foreign currencies	707,958	587,323	696,732	657,890	636,856
Discounts and advances	1,490,372	1,569,793	1,471,943	1,411,840	1,383,974
Advances to the Treasury	2,572,182	3,522,998	3,522,997	3,522,997	3,522,998
LIABILITIES					
Reserves	1,243,139	1,202,490	1,201,406	1,201,648	1,203,199
Bank notes in circulation	2,583,542	2,968,410	2,815,104	2,718,351	2,744,454
Sight liabilities	2,215,659	3,113,078	3,362,155	3,446,117	3,376,853
Deposits	116,791	102,861	101,289	100,283	97,657

BANK OF LATVIA.—In lats (000's omitted)

	Dec. 7, 1936	Nov. 8, 1937	Nov. 15, 1937	Nov. 22, 1937	Nov. 29, 1937	Dec. 6, 1937
Assets						
Gold coin and bullion	78,844	77,485	77,486	77,487	77,487	77,488
Silver coin	15,691	13,793	13,810	13,688	13,582	13,528
Foreign currency	25,991	46,717	46,885	46,476	45,902	45,493
Treas. notes and small change	9,111	7,827	7,385	7,102	6,902	7,175
Short-term bills	50,327	48,954	48,610	48,304	47,951	47,179
Loans against securities	66,180	82,870	82,833	83,833	84,800	87,422
LIABILITIES						
Notes in circulation	40,843	57,780	58,623	61,793	62,407	61,805
Deposits	19,173	21,524	21,536	21,580	21,639	21,629
Current accounts	120,144	120,694	118,605	117,920	123,625	123,129
Government accounts	55,368	62,942	63,002	63,502	55,321	56,288

BANK OF JAPAN.—In yen (000's omitted)

	Nov. 21, 1936	Oct. 30, 1937	Nov. 6, 1937	Nov. 13, 1937	Nov. 20, 1937
Assets					
Gold coin and bullion	542,988	801,001	801,001	801,002	801,002
Other coin and bullion	59,708	59,877	59,774	62,777	62,987
Discounts	532,222	634,022	632,492	585,041	610,335
Advances	209,366	30,042	30,170	29,898	30,397
Advances on foreign bills	130,822	172,438	148,887	145,456	134,930
Government bonds	448,137	684,227	641,750	634,826	715,791
Agencies accounts	90,839	85,512	111,031	81,216	100,371
LIABILITIES					
Notes issued	1,318,879	1,786,645	1,678,734	1,598,865	1,611,393
Government deposits	396,904	335,398	416,871	438,631	531,182
Other deposits	56,271	77,832	65,465	61,348	61,016

MONEY AND EXCHANGE RATES

LONDON MONEY RATES

	Dec. 9, 1937	Dec. 10, 1937	Dec. 11, 1937	Dec. 13, 1937	Dec. 14, 1937	Dec. 15, 1937	Dec. 16, 1937
Bank rate (changed from 2½% June 30, 1937)	2½	2½	2½	2½	2½	2½	2½
Money rates of discount							
90 days' bankers' drafts	1½	1½	1½	1½	1½	1½	1½
3 months' do.	1½	1½	1½	1½	1½	1½	1½
6 months' do.	1½	1½	1½	1½	1½	1½	1½
Discount Treasury Bills—							
2 months	1½	1½	1½	1½	1½	1½	1½
3 months	1½	1½	1½	1½	1½	1½	1½
Loan—Day-to-day	1½	1½	1½	1½	1½	1½	1½
Short	1½	1½	1½	1½	1½	1½	1½
Deposit allowances: Bank							
Discount houses at call	1½	1½	1½	1½	1½	1½	1½
At notice	1½	1½	1½	1½	1½	1½	1½

Comparison with previous weeks

	Short Loans	Bank Bills			Trade Bills		
		3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
1937							
Nov. 18	1-1	1-1	1-1	1-1	1-1	1-1	1-1
Dec. 2	1-1	1-1	1-1	1-1	1-1	1-1	1-1
Dec. 9	1-1	1-1	1-1	1-1	1-1	1-1	1-1
Dec. 16	1-1	1-1	1-1	1-1	1-1	1-1	1-1

LONDON RATES OF EXCHANGE

I.—Spot Rates (Range of the day's business)

London on	Par of Exch. per £	Dec. 10, 1937	Dec. 11, 1937	Dec. 13, 1937	Dec. 14, 1937	Dec. 15, 1937	Dec. 16, 1937
New York, \$	4-8 1/2	4-9 1/2	4-9 1/2	4-9 1/2	4-9 1/2	4-9 1/2	4-9 1/2
Montreal, \$	4-8 1/2	4-9 1/2	4-9 1/2	4-9 1/2	4-9 1/2	4-9 1/2	4-9 1/2
Paris, Fr.	124-21	147-14 1/2	147-14 1/2	147-14 1/2	147-14 1/2	147-14 1/2	147-14 1/2
Brussels, Bel.	35-00(a)	29-39-42	29-40-42	29-38-41	29-38-41	29-38-41	29-38-41
Milan, L.	92-46	94-95 1/2	95-95 1/2	94-95 1/2	94-95 1/2	94-95 1/2	94-95 1/2
Zurich, Fr.	25-22 1/2	21-60-62	21-60-62	21-59-61	21-59-61	21-59-61	21-59-61
Athens, Dr.	375	540-555	540-555	540-555	540-555	540-555	540-555
He'stors, M.	193-23	225 1/2-228 1/2	225 1/2-228 1/2	225 1/2-228 1/2	225 1/2-228 1/2	225 1/2-228 1/2	225 1/2-228 1/2
Madrid, P.	25-22 1/2	60-100(1)	60-100(1)	60-100(1)	60-100(1)	60-100(1)	60-100(1)
Lisbon, Esc.	110	110-110 1/2	110-110 1/2	110-110 1/2	110-110 1/2	110-110 1/2	110-110 1/2
Amst'dm, Fl.	12-10 7/8	8-98-99 1/2	8-98-99 1/2	8-98-99 1/2	8-98-99 1/2	8-98-99 1/2	8-98-99 1/2
Berlin, M.	20-43	12-38-41	12-38-41	12-38-41	12-38-41	12-38-41	12-38-41
Vienna, Sch.	34-58 1/2	44-49 1/2	44-49 1/2	44-49 1/2	44-49 1/2	44-49 1/2	44-49 1/2
Bu'pest, Pen.	27-82	24-25 1/2	24-25 1/2	24-25 1/2	24-25 1/2	24-25 1/2	24-25 1/2
Prague, Kc.	104 1/4	142-142 1/2	142-142 1/2	142-142 1/2	142-142 1/2	142-142 1/2	142-142 1/2
Danzig, Gul.	25-00	26 1/2	26 1/2	26 1/2	26 1/2	26 1/2	26 1/2
Warsaw, Zl.	48-38	26 1/2	26 1/2	26 1/2	26 1/2	26 1/2	26 1/2
Riga, Lat.	25-22 1/2	24-25 1/2	24-25 1/2	24-25 1/2	24-25 1/2	24-25 1/2	24-25 1/2
Bucharest, Lei	818-8	605-690	605-690	605-690	605-690	605-690	605-690
Const'ple, Pst	110	619	619	619	619	619	619
Belgrade, Din.	276-32	211-221	211-221	211-221	211-221	211-221	211-221
Kofno, Lit.	48-66	29-30	29-30	29-30	29-30	29-30	29-30
Kovna, Lev.	673-66	390-420	390-420	390-420	390-420	390-420	390-420
Tallinn, H. Kr.	18-158	171-181	171-181	171-181	171-181	171-181	171-181
Olo, Kr.	18-158	19-85-95	19-85-95	19-85-95	19-85-95	19-85-95	19-85-95
St'holm, Kr.	18-158	19-85-95	19-85-95	19-85-95	19-85-95	19-85-95	19-85-95
Cop'h'gen, Kr.	18-158	19-85-95	19-85-95	19-85-95	19-85-95	19-85-95	19-85-95
Alex'ndria, Pst.	97 1/2	22-35-45	22-35-45	22-35-45	22-35-45	22-35-45	22-35-45
Br. India Rup.	18d.	97 1/2	97 1/2	97 1/2	97 1/2	97 1/2	97 1/2
Hong Kong, \$	14-15 1/2	14-15 1/2	14-15 1/2	14-15 1/2	14-15 1/2	14-15 1/2	14-15 1/2
Kobe, Yen.	124-58d.	13 1/2-14 1/2	13 1/2-14 1/2	13 1/2-14 1/2	13 1/2-14 1/2	13 1/2-14 1/2	13 1/2-14 1/2
Shanghai, \$	14-14 1/2	14-14 1/2	14-14 1/2	14-14 1/2	14-14 1/2	14-14 1/2	14-14 1/2
Singapore, \$	28d.	28 1/2	28 1/2	28 1/2	28 1/2	28 1/2	28 1/2
Batavia, F.	12-11	8-95-99	8-95-99	8-95-99	8-95-99	8-95-99	8-95-99
Rio, Ml.	15-89d.	24 1/2	24 1/2	24 1/2	24 1/2	24 1/2	24 1/2
B. Aires, \$	11-45	16-97	16-97	16-97	16-97	16-97	16-97
Valparaiso, \$	40	16-12 1/2	16-12 1/2	16-12 1/2	16-12 1/2	16-12 1/2	16-12 1/2
M'video, \$	51d.	124d(1)	125d(1)	125d(1)	125d(1)	125d(1)	1

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Rate % per Annum, except where marked % or Stated in Cash					
Name of Company	* Interim or Final	Date of Payment	Comparison with Last Year	Total	
				Latest Year	Previous Year
OTHER COMPANIES—cont.					
Newcastle Breweries	(a) 9%	Dec. 3	...	(a) 12	11
New Zealand, etc., Land Mgt.	14%	...	...	3	3
Peel River Land	2%	Jan. 31	11%	...	7
Powell Duffryn Steam Coal	(a) 6%	Jan. 19	71%	...	...
Rolls Royce	10%	Jan. 31	81%	...	...
Sangers, Ltd.	4%	Jan. 1	Same	6	6
Second British Steamship Trust	4%	Jan. 1	Same	...	...
Shop Investments	6%	...	...	10	Nil
South African Distilleries	...	Jan. 15	...	...	...
Steel Brothers and Co. (Def.)	31%	Jan. 15	Same	...	...
Sunday Pictorial Newspapers	5%	Feb. 4	5%	8	5
Union Steel (South Africa)	6%	Jan. 1	Same	...	...
United Dominions Trust	21%	...	Same	...	9
Victoria Falls and Power	4%	Jan. 18	Same	5	...
Westland Aircraft	(a) 5%	...	Same	...	...
Yorkshire Dyeware, etc.	(a) 5%	...	...	...	...

(a) Paid on a larger capital. (b) To date. (c) Also a free bonus of one ordinary share for each twenty held. (d) Paid out of ascertained realised profits from investments not subject to tax.

POWELL DUFFRYN STEAM COAL.—Interim ordinary dividend 2 per cent. on account of year to March 31st next (against, 1½ per cent., followed by final of 5½ per cent.).

CHINESE ENGINEERING AND MINING.—Ordinary dividend 5 per cent. tax free for year to June 30, 1937, against 2½ per cent. tax free.

ROLLS ROYCE, LIMITED.—Interim ordinary dividend 6 per cent., equivalent to the 7½ per cent. paid on the smaller capital a year ago.

WEEKLY TRAFFIC RETURNS
RAILWAYS OF GREAT BRITAIN AND IRELAND

(b) Week ended Dec. 11, 1937	Miles Open	Gross Receipts, week ended Dec. 12, 1937 (£'000)				Aggregate Gross Receipts, compared with 1936 (49 weeks) (£'000)			
		Passenger	Merchandise, etc.	Coal and Coke	Total	Passenger	Merchandise, etc.	Coal and Coke	Total
Great Western { 1937 3,739 175 215 129 344 519						10,605 9,925 5,537 15,462 26,067			
Western { 1936 3,789 172 206 121 327 499						10,334 9,507 4,976 14,483 24,817			
(c) L. N. E. { 1937 6,315 297 363 295 658 955						16,598 16,848 12,305 29,153 45,751			
Eastern { 1936 6,332 287 356 272 628 915						15,887 16,237 11,486 27,723 43,610			
L. & M. { 1937 6,867 435 528 335 893 1,298						25,289 24,442 12,699 37,141 62,430			
Scottish { 1936 6,861 420 508 301 809 1,229						24,319 23,662 11,904 35,586 59,885			
Southern { 1937 2,147 258 62 37 99 357						15,808 3,082 1,490 4,572 20,380			
{ 1936 2,158 252 65 37 102 354						15,069 3,120 1,511 4,631 19,700			
Total { 1937 19,068 1,165 1,168 796 1,964 3,129						68,300 54,297 32,031 86,328 154,628			
{ 1936 19,115 1,131 1,135 731 1,866 2,987						65,609 52,526 29,877 82,403 148,012			
(d) Belfast & { 1937 80 1-6 ... 0-4 2-0 124-6 ... 23-7 148-3						...			
Co. Down { 1936 80 1-5 ... 0-4 1-9 125-6 ... 26-6 152-2						...			
(e) Great { 1937 543 8-2 ... 8-5 16-7 540-3 ... 462-4 1,002-7						...			
Northern { 1936 543 7-9 ... 9-1 17-0 526-0 ... 479-0 1,005-5						...			
(f) Great { 1937 2,076 29-4 ... 53-4 82-8 1,780-2 ... 2,130-4 3,910-6						...			
Southern { 1936 2,124 30-4 ... 56-5 86-9 1,760-5 ... 2,172-4 3,932-9						...			

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

	Great Western	L.M.S.	L.N.E.R.	Southern
Second half-year, 1936, compared with second half-year, 1935:—				
Gross increase or decrease...	+ 491	+ 1,575	+ 751	+ 878
First half-year, 1937, compared with first half-year, 1936:—				
Gross increase or decrease...	+ 670	+ 1,329	+ 1,187	+ 859
Second half-year, 1937, compared with second half-year, 1936:—				
Gross increase or decrease...	+ 580	+ 1,216	+ 954	+ 821
Weekly average second half 1937 compared with 1936	+ 25½	+ 52½	+ 41½	+ 13½
Latest week 1937 compared with 1936	+ 20	+ 69	+ 40	+ 3

LONDON TRANSPORT

Week ending Dec. 11, 1937	Takings (before pooling)	Compared with corresponding period of last year
Aggregate 24 weeks to Dec. 11, 1937	(570,800)	+ 5,900
	(13,472,200)	+ 5,300

OVERSEAS RAILWAY RECEIPTS

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

INDIAN

			Rs.	Rs.	Rs.
Assam Bengal	32	Nov. 10	1,330	15,76,900	8,783
Bombay, Bar. & C.F.	34	Dec. 10	3,072	32,43,000	4,57,000
Madras & S. Mahr.	32	Nov. 10	3,229	17,11,000	33,751
North India	32	Nov. 10	2,532	13,15,520	38,245
South Indian	32	Nov. 10	2,532	13,15,520	38,245

CANADIAN

			\$	\$	\$
Canadian National	48	Dec. 7	2,376,767	3,757,486	134,447
Canadian Pacific	48	Dec. 7	1,722,228	2,856,000	50,000

SOUTH AMERICAN									
Company	1937	1936	1935	1934	1933	1932	1931	1930	1929
Antofagasta (Chile and Bolivia)	50	Dec. 12	834	14,800	930	833,340	133,310	75,300	75,300
Argentine N.E.	24	11	753	137,500	2,300	3,737,700	75,300	75,300	75,300
B.A. and Pacific	24	11	2,806	1,260,000	439	30,235,000	793,300	793,300	793,300
B.A. Central	20	Nov. 13	...	1,260,000	439	30,235,000	793,300	793,300	793,300
B.A. Gt. Southern	24	Dec. 11	5,084	2,246,000	85,000	47,497,000	1,282,000	1,282,000	1,282,000
B.A. Western	24	11	1,930	1,139,330	10,000	2,946,464	229,944	229,944	229,944
Central Argentine	24	11	3,700	12,003,750	470,240	48,719,750	7,565,450	7,565,450	7,565,450
Central Uruguay	23	4	980	1,124,302	10,283	3,022,317	244,033	244,033	244,033
Cordoba Central	24	11	1,218	1,401,000	148,000	12,048,000	1,122,000	1,122,000	1,122,000
Entre Rios	24	11	810	1,214,200	18,300	5,164,900	21,600	21,600	21,600
G. Westn. of Brazil	50	11	1,092	1,125,000	500	403,500	400	400	400
Leopoldina	50	11	1,918	1,181,200	120,000	80,564,000	5,883,000	5,883,000	5,883,000
Leopoldina Termal.	50	11	...	1,181,200	120,000	80,564,000	5,883,000	5,883,000	5,883,000
Nitrate	47	Nov. 30	384	1,181,200	120,000	80,564,000	5,883,000	5,883,000	5,883,000
Paraguay Central	24	Dec. 11	274	1,181,200	120,000	80,564,000	5,883,000	5,883,000	5,883,000
Salvador	49	11	100	1,181,200	120,000	80,564,000	5,883,000	5,883,000	5,883,000
San Paulo	24	5	1531	1,181,200	120,000	80,564,000	5,883,000	5,883,000	5,883,000
United of Havana	24	11	1,353	1,181,200	120,000	80,564,000	5,883,000	5,883,000	5,883,000

* Converted at average official rate during week ended Dec. 11, 1937. † Receipts in Argentine pesos. ‡ Receipts in Uruguayan currency. § Converted at official rate. ¶ Converted at controlled free rate.

OTHER OVERSEAS									
Company	1937	1936	1935	1934	1933	1932	1931	1930	1929
Egyptian Delta Light Railway	33	Nov. 20	821	1,68,211	1,463	1,68,065	9,967	9,967	9,967
Egyptian Markets	49	Dec. 9	...	1,68,211	1,463	1,68,065	9,967	9,967	9,967
Mexican Railway	23	7	483	274,400	26,800	6,688,500	576,000	576,000	576,000

SUEZ CANAL RECEIPTS									
Company	1937	1936	1935	1934	1933	1932	1931	1930	1929
Suez Canal	47	Nov. 30	...	1,282,600	50,000	9,948,300	368,300	368,300	368,300

TRAMWAYS WEEKLY GROSS RECEIPTS									
Company	1937	1936	1935	1934	1933	1932	1931	1930	1929
Anglo-Argentine	49	Dec. 9	325	837,790	11,497	31,465,739	105,822	105,822	105,822
B. Aires Lacroze	20	Nov. 14	...	837,790	11,497	31,465,739	105,822	105,822	105,822
Burnley, Colne and Nelson Jt. Trapt.	49	Dec. 11	87-68	5,234	132	54,898,857	2,47,070	2,47,070	2,47,070
Calcutta Tramways	49	11	...	5,234	132	54,898,857	2,47,070	2,47,070	2,47,070
Liverpool Corp.	36	8	...	5,234	132	54,898,857	2,47,070	2,47,070	2,47,070
Madras Electric	47	Nov. 30	...	5,234	132	54,898,857	2,47,070	2,47,070	2,47,070

§ Portnight.					
MONTHLY TRAFFICS					
Company	Month	Ending	Description	Receipts for Month	Aggregate Receipts
				1937	+ or -

Company	Month	Ending	Description	Receipts for Month	Aggregate Receipts
Algoma Cent. & Hudson Bay Railway	10	Oct. 31	Gross	1,136,522	7,819
Algoma Cent. & Hudson Bay Railway	10	Oct. 31	Gross	1,136,522	7,819
Costa Rica Ry.	4	Oct. 3	Gross	22,580	12,101
Kalgoorlie Elec. Tram.	9	Sept. 30	Gross	3,043	410,782
Rangoon Elec. Tram.	11	Nov. 30	Gross	1,93,751	101,026
Rhodesia Ry.	1	Oct. 31	Gross	4,67,383	22,984
Samana and Santiago Ry.	11	Nov. 30	Gross	1,030	19,706

SHORTER COMPANY COMMENTS
MISCELLANEOUS

CARRERAS, LTD.—Balance sheet at October 31, 1937, shows cash stands of £1,158,723, against £553,078. Stocks are lower at £2,251,324, compared with £2,687,821. Sundry debtors £1,025,322, against £1,043,439. Creditors stand at £855,039, compared with £742,929. Profit figures were dealt with in *The Economist* of December 11, 1937, page 540.

DAVIS ESTATES, LTD.—Report for year to September 30, 1937, shows net profit of £78,587, compared with £88,004. To reserve, £37,774 (£37,000) and £10,000 (£17,813) for tax and N.D.C. Preference dividend £20,231 and £6,011 applied to preference share redemption. Carry forward £25,485. Bank overdraft reduced from £88,469 to £23,528.

AUSTRALIAN ESTATES CAPITAL PLAN.—It is proposed to reduce issued capital of £1,483,595 (£1,481,889 paid up) to £1,101,890 in shares of £3 12s. This will be effected by cancelling £381,705 ordinary stock and all unissued shares. The amount by which ordinary capital is thus, for each £1,000 of present preference shares, the holder will receive £800 in 5½ per cent. cumulative "A" preference stock, £800 in 5½ per cent. non-cumulative "B" preference stock, and £220 in cash. For each £1,000 of ordinary stock, holders will receive £519 ordinary stock.

WESTERN AUSTRALIAN GOLD.—The Agent-General for Western Australia has received cable advice that during November, 1937, 94,383 £659,501 sterling or about £824,378.

SOUTH DURHAM STEEL ACQUISITION.—It is announced that the South Durham group of steel manufacturers has acquired control of the London and Wales Steel Construction Company.

H. AND G. SIMONDS, LTD.—Trading profit for year ended September 30, 1937, £700,184, compared with £512,840. To depreciation £102,252, against £71,437. Ordinary dividend 18 per cent., as before, but improvement reserve £31,177, against £24,148. To property against £22,000. Carry forward reduced from £109,963 to £108,966.

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Debenture Interest	Amount Available for Distribution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Depreciation, etc.	Balance Forward	Net Profit	Dividend
					Prefe.	Ordinary					
					Amount	Amount	Rate				
Breweries											
Blair and Co. (Alloa)	Sept. 30	£ 1,175	£ 4,095	£ 5,270	£ ...	£ 3,600	6	£ ...	£ 1,670	(d) £ 4,316	£ 4
Leeds & Wakefield Breweries	Sept. 30	37,419	99,458	136,877	29,500	22,000	11	34,626	50,751	73,360	10
Leeny (Frederick) and Sons	Sept. 30	41,257	53,662	94,919	3,937	25,000	33½	20,000	45,982	52,682	33½
Newcastle Breweries	Oct. 31	58,308	147,114	205,422	12,000	60,000	15	54,250	79,172	106,920	11
Simonds (H. & G.), Ltd. ...	Sept. 30	109,694	332,931	442,625	37,448	101,931	18	197,250	105,996	236,337	18s
Financial Land, etc.											
Agricultural Credit Corporation	Oct. 31	...	3,118	3,118	...	3,118	(?)	...	...	2,078	2
Beaumont Property Trust	Sept. 30	6,611	31,158	37,769	10,398	14,063	7½	6,747	6,561	24,279	7½
Cheapside Land, etc.	Sept. 30	1,048	17,129	18,177	4,892	11,000	5½	1,000	1,285	15,202	5½
Davis Estates	Sept. 30	20,914	78,587	99,501	20,231	...	...	53,785	35,485	86,004	Nil
Edward Lloyd Investment	Sept. 30	145,135	(n) 57,280	202,415	56,059	...	...	...	146,356	112,008	6
Heinemann Holdings	Nov. 30	5,058	14,486	19,544	6,750	5,625	10	...	7,169	15,908	12½
Lansdowne House (Berkeley Square)	Sept. 29	...	(v) 19,284	19,284	7,604	7,000	7	3,550	1,130	(a)	(a)
London Trading Estates	Aug. 31	5,179	13,481	18,660	...	6,759	5½	6,751	5,150	12,236	5½
Hotels, Restaurants, etc.											
Cadena Cafés	Oct. 2	12,308	32,788	45,096	22,094	8,726	5	...	13,366	38,194	7
Gardner (John), London ...	Sept. 30	10,260	28,054	38,314	7,500	11,250	7½	5,164	14,400	24,537	6½
Iron, Coal and Steel											
Arncliffe Coal	Sept. 30	20,803	38,512	59,315	1,127	20,312	12½†	18,000	19,876	34,612	10†
Cleveland Bridge and Engineering	Sept. 30	6,929	16,118	23,047	1,848	11,692	4†	2,000	7,507	Dr70,985	Nil
Nasmyth, Wilson and Co. ...	Dec. 31	110	Dr. 6,243	Dr. 6,133	...	...	...	Dr. 6,200	...	Dr13,344	Nil
Motor, Cycle and Aviation											
British Marine Aircraft ...	June 30	Dr. 10,320	Dr. 37,327	Dr. 47,647	...	...	...	...	Dr47,647	Dr10,320	Nil
Fairey Aviation	Sept. 30	36,489	248,178	284,667	...	125,344	12½†	120,500	38,823	54,696	10½
Rubber											
Jitra	Sept. 30	1,895	21,521	23,416	...	16,650	15	4,010	2,756	11,046	7½
Kong Lee (Perak)	Aug. 31	1,635	115	1,750	...	...	...	1,000	750	(a)	(a)
Malay Rubber Planters	Sept. 30	6,433	30,546	36,979	...	27,190	25	4,334	5,455	13,959	10
Peureula (Sumatra)	Sept. 30	Dr. 270	1,861	1,991	...	915	2½	174	502	155	Nil
Rubber Estates of Malaya	Sept. 30	2,305	32,908	35,213	...	24,000	6	5,500	5,713	14,456	3
Sungei Puntar	Sept. 30	763	13,315	14,078	...	9,985	10	154	3,919	5,326	4
Tea											
Kadur Estates	June 30	...	Dr. 616	Dr. 616	...	...	...	...	Dr. 616	(a)	(a)
Rajawalla Produce	June 30	4,340	58,566	62,906	20,600	8,458	5	30,000	3,848	14,477	Nil
Telegraphs, etc.											
Amazon Telegraph	June 30	5,611	21,335	26,946	...	4,688	2½	14,500	7,758	Dr12,259	Nil
Textiles											
Barran (John) and Sons ...	Oct. 31	14,756	44,890	59,646	17,550	17,655	8†	...	24,441	43,635	7
Combined Egyptian Mills	Sept. 29	Dr127,4159	62,150	Dr1212,009	...	...	...	...	1,212,009	Dr66,540	Nil
Illingworth, Morris & Co. ...	Sept. 30	75,209	54,294	129,503	47,025	...	...	10,000	72,478	29,466	Nil
Shannon (John) and Son ...	Oct. 31	24,563	22,073	46,636	9,437	5,661	148	...	31,538	22,176	140
Tramways and Omnibus											
East Yorkshire Motor Services	Sept. 30	8,868	65,288	74,156	...	30,000	10	37,500	6,656	73,709	10
Scottish Motor Traction ...	Oct. 31	69,712	198,857	268,569	49,156	64,382	10	78,950	76,081	184,451	10
Trusts											
Aberdeen, Edinburgh, etc.	Nov. 30	3,208	13,950	17,158	6,100	6,100	4	...	4,954	12,313	3½
Army & Navy Investment	Nov. 30	28,839	41,661	70,500	13,612	19,663	13	6,000	31,225	39,394	12
Scottish International	Oct. 31	3,497	15,335	18,832	11,375	...	...	367	7,090	14,028	Nil
South Western Investment	Oct. 31	5,022	8,374	13,396	4,617	...	...	...	8,779	7,640	Nil
Other Companies											
Aero Engines, Ltd.	July 31	Dr 11,851	bDr57,478	Dr. 69,329	...	...	...	...	Dr69,329	Dr11,851	Nil
Alexandre, Ltd.	Aug. 31	1,045	8,288	9,333	1,687	2,531	2½	3,421	1,694	(a)	(a)
Atlas Stone Co.	Oct. 31	14,213	31,430	45,643	...	22,917	12½	5,000	17,726	39,454	15
Bowaters, etc., Sales	Sept. 30	34,264	75,665	110,763	16,000	49,000	20	10,000	35,763	50,373	20
Bowater's Mersey Paper ...	Sept. 30	35,098	127,521	162,619	27,500	...	...	100,000	35,119	134,471	5
Bowater's Paper Mills	Sept. 30	42,548	221,519	264,067	120,787	...	...	97,500	45,780	155,528	9
Card Clothing & Belting ...	Sept. 30	14,174	95,456	109,630	11,060	45,640	15	35,000	17,930	48,935	7
Colour Photographs	Sept. 30	...	734	734	...	...	...	...	734	(a)	(a)
Cow and Gate	Sept. 30	37,644	98,123	135,767	22,688	46,778	18	20,000	46,301	110,286	16
Decca Record Company ...	Mar. 31	Dr145,268	273	Dr144,995	...	...	...	...	Dr114995	Dr13,732	Nil
Dumont Coffee	Dec. 31	Dr160,880	Dr. 2,449	Dr163,329	...	...	...	...	Dr163329	Dr20,710	Nil
François Cementation	Mar. 31	36,305	4,438	40,743	...	...	...	Dr. 14,311	55,054	2,388	Nil
General Billposting	Sept. 30	1,993	16,504	18,497	1,661	7,370	10	7,500	1,966	15,740	10
Henri Selmer and Co.	Aug. 31	...	4,207	4,207	...	3,750	6½	...	457	(a)	(a)
Hood Haggie (R.) & Son ...	Oct. 31	53,513	46,865	100,378	4,000	30,000	12½	10,000	56,378	64,467	15
Lloyd (Edward)	Sept. 30	98,573	(n)303,002	401,575	104,250	60,000	5	136,368	100,957	361,310	16½
Mentmore Manufacturing	Oct. 16	1,242	16,480	17,722	3,858	6,072	10	6,130	1,662	12,494	10
Sunlight Laundries	Nov. 30	14,883	42,865	57,748	17,016	25,000	16½	1,854	13,878	56,740	16½
Timber Fireproofing	Sept. 30	1,520	(r) 9,955	11,475	...	4,180	10	5,610	1,685	2,835	5
Turner and Newall	Sept. 30	99,069	1,293,489	1,392,558	101,098	1,065,690	20	110,000	115,770	1,163,308	17
Union Cinemas	Mar. 31	...	(y)52,628	52,628	16,836	...	...	14,000	21,792	(a)	(a)
Vactric Limited	Sept. 30	3,512	21,227	24,739	4,230	13,908	15	3,247	3,354	31,673	25
Vosper, Ltd.	Aug. 31	...	10,335	10,335	...	5,625	7½	...	4,710	(a)	(a)
Wallpapers (Consolidated)	June 30	...	(c) 1,810	1,810	...	...	...	...	1,510	(a)	(a)

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

THE tendency of prices on the commodity markets was irregular this week. Most consumers continue their policy of purchasing only sufficient for immediate requirements.

The decision of the International Tin Committee to reduce export quotas to 70 per cent. of the standard tonnages during the first quarter of 1938 gave rise to a sharp advance of quotations, but subsequently the market suffered a setback and Wednesday's quotations actually showed a decline on the week. Copper, lead and spelter were also marked down. The market in rubber was dull with prices practically unchanged on the week, but linseed and linseed oil were firmer, seed being now in short supply pending the shipment of the new Argentine crop. Among textile raw materials, the Australian wool auctions have recently shown a firmer tendency, and cotton was also marked up a little.

In the absence of any new developments, wheat prices are scarcely changed on the week, but coffee, sugar and tea were slightly firmer. Meat prices varied within narrow limits. Among provisions, butter was firmer on a temporary reduction of Australasian supplies. The market in eggs was firm owing to the cold weather.

In the United States the improvement noticeable during the previous week was maintained. Thus Moody's daily index (December 31, 1931 = 100) was 149.8 on Wednesday, against 148.9 a week ago, 150.1 a month earlier, and 200.3 on the corresponding day last year.

COAL

SHEFFIELD.—There is a good deal of pre-Christmas activity on the inland market, and production is being well maintained in advance of the holiday. Prices are firm all round. Demand for household fuel shows expansion, and gas coal is in good request. There are plenty of inquiries for small coal, and industrial fuels generally sell freely. Collieries are very well off for orders, but deliveries are hampered somewhat by lack of transport facilities.

Coke is in improving supply with the coming into operation of some new batteries of ovens. Graded coke, for central heating, fetches 34s. per ton on rail at ovens; blast-furnace coke is quoted around 30s. for inland, and large patent oven coke, selected, realises from 32s. to 34s. per ton. There is a slightly better feeling on the export market, but the volume of business is by no means satisfactory. Prospective buyers appear to be holding off in the hope of lower prices, but there is little likelihood of a fall in present conditions. A few odd cargoes are being disposed of for early shipment. All prices remain unchanged.

NEWCASTLE-ON-TYNE.—Cold weather and the usual pressure for supplies before holidays is bringing more trade in domestic coals from home consumers, but there is little additional inquiry from abroad. Northumberland steam coals continue to be short of trade for their screened qualities, but other grades are very firm. The Durham section is steady under a good home trade, coking coal being particularly firm, whilst collieries producing gas coals are fully stemmed until the end of the year. There is good home demand for patent oven coals, and with the colder weather in the Scandinavian countries more tonnage is being stemmed against contract.

GLASGOW.—Further strength has developed in the home market, and the effect on the export position is seen in a tightening of supplies despite the fact that new business remains quiet. Stocks at foreign depots appear still to be considerable, although the colder weather is permitting a more regular uplift of contract tonnages from British ports. Most of the qualities usually favoured in the shipping trade are now readily taken up, only secondary steam and washed treble nuts being in need of new business. In Lanarkshire acute pressure of home demand prevails, and the relative scarcity of supplies is accentuated by some dislocation of transport and a reduction in working staffs owing to the weather. House coal is notably firm, and washed smalls are fully booked for some weeks ahead. The position in Ayrshire is also strong.

CARDIFF.—The tonnage position at the South Wales docks, and particularly at the port of Cardiff, has been exceptionally favourable, and during the earlier part of the week many vessels were waiting their

turn at the Barry loading berths. Shipments are absorbing the full export supply quotas of the collieries, and for several classes of coal there is a shortage for prompt shipment. Loadings in the foreign and coastwise trades last week totalled 429,100 tons, compared with 410,100 tons in the preceding week and 294,339 tons in the corresponding period last year. There has been a little more inquiry for 1938 supplies, and the French State Railways have placed a contract for 125,000 tons of large and small coal for delivery during the March quarter. Prices are firm but unchanged.

IRON AND STEEL

LONDON.—The weekly report of the London Iron and Steel Exchange indicates that holiday influences are beginning to affect the iron and steel markets and that the quieter tendency noticeable recently in new business has become more apparent. The works, however, continue to make able. There is also a considerable demand for small supplementary parcels needed for work in hand.

Steady conditions rule in the pig-iron department, and whilst makers are well sold for the first quarter of next year, consumers for the time being are showing no inclination to undertake far forward commitments. Deliveries against existing contracts are on a heavy scale; but so far users have found little opportunity for laying in stocks.

The demand for semi-finished steel of all descriptions shows no signs of declining. The British works are operating at capacity, and in some cases have been unable to accept all the business offered. Even with the imports of Continental semis, the consuming industries do not find it easy to maintain full production, although the position in this respect is much better than a few months ago.

New business in finished steel materials remains quiet; but there is strong pressure from consumers to obtain deliveries, and the whole of the record output of the steelworks is passing immediately into use. Business with some of the export markets has improved of late, but in general the overseas demand is quiet.

MIDDLESBROUGH.—No business is being done for delivery during the remainder of this month, and transactions for parcels of pig iron for as follows: No. 3 Cleveland foundry pig iron, 109s. per ton, delivered locally; East Coast mixed numbers hematite pig iron, 132s. 6d. per ton, are well employed and are using iron recently received from the Continent and parcels of Midland foundry pig iron, which is more freely available. It is expected that Cleveland foundry pig iron will be in increased production early in the New Year, and this will ease the position considerably, although there are arrears to overtake. East Coast hematite is able to effect shipments of odd lots to overseas destinations. A further parcel of 1,500 tons has recently been despatched to Australia, from this area.

Steelworks are doing their utmost to meet the large demand for semi-finished and finished steel. New business in finished steel can only be accepted at the fixed price and for delivery further ahead, the production for the next few months being fully sold.

Good Durham blast-furnace coke is quoted at 42s. per ton delivered at the furnaces, whilst foreign ore continues to arrive in large quantities. Transactions are restricted to odd cargoes for prompt delivery. The official prices for scrap have now been issued, and will operate from as follows: 69s. 6d., 67s. 6d., and 62s. 6d. per ton, for 500-ton lots for heavy steel melting scrap delivered to North-East Coast works.

SHEFFIELD.—With the stabilisation of prices now virtually complete, the iron and steel market has a much steadier appearance. Business in pig iron is on a good scale, with consumers ready to place contracts well over the first quarter of next year, and some are accepting business for delivery taken up, users being desirous of accumulating such stocks as may be possible. There is not much basic iron available. Hematite demand is active, but makers are showing a certain amount of caution about accepting all the business which is offered. It is now announced that there is to be no change in the price of finished iron during the first six months of next year. Buyers are anxious to cover their requirements, but bar very heavy additions just at present. Demand for common and marked improvement. Steel business continues to expand, and the output of basalt and bar, strip and sheet requirements are difficult to meet in full. The iron and steel scrap market has a rather easier appearance, with better

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NATIONAL BUILDING SOCIETY.—Accounts for year to October 31, 1937, show that share capital (including unpaid interest) has net increase of £1,184,942 at £29,346,527. Mortgage assets were £30,131,602, a net gain of £1,479,313, and total assets were £33,016,310, a net increase of £1,594,123. Reserves increased by £271,469, to £1,849,274. Advances were £4,496,897, against £7,021,967. Balance of profit increased from £1,159,805 to £1,240,047, after £11,500 for N.D.C. Interest on shares, tax free, absorbed £922,682; premises written down by £14,817; £86,469 to reserve No. 2; £185,000 to general reserve; £31,079 carried forward.

MEXICAN RAILWAY.—For half-year to June 30, 1937, gross receipts were Pesos 8,069,031, a gain of 17 per cent. on first half of 1936. Working expenses increased by 11.9 per cent. to Pesos 7,603,863. Balance to net revenue is Pesos 465,167 (against Pesos 102,190) and at standard rate of Pesos 18 to £1, is equal to £25,842. With exchange differences and sundry revenue, total balance is £29,383. Debenture interest and income tax require £100,015; deficiency for half-year is £70,632, which increases total debit balance to £77,772.

RICHARD THOMAS AND COMPANY.—It is announced that this company has contracted with the American Rolling Mill Company of Middletown, Ohio, U.S.A., to purchase from it, as from July 5, 1938, all "Armco" in America, Ltd., its subsidiary in England. The registered brand "Armco" will be available for specialities produced by Richard Thomas and Company at their works, and sold exclusively through Armco, Ltd., which will continue to trade as hitherto.

CLEVELAND BRIDGE AND ENGINEERING.—Trading profit for year to September 30, 1937, after expenses, tax, N.D.C. and contingencies was £22,714, against Dr. £19,015. To reserve £4,875, against £4,638. Ordinary dividend 4 per cent., tax free, against nil. To reserve £2,000, against £15,000 from reserve. Carry forward £7,507.

DECCA RECORD COMPANY.—Trading profits for year to March 31, 1937, £28,142, against £25,705. Net profit £273, which reduces the debit balance to £144,995. Profits for the current year to date are stated to be preliminarily figures show a substantial balance, after debenture interest.

AERO ENGINES, LTD.—The report for 13 months ended July 31, 1937, shows a loss on trading of £57,478. In the initial period from June 7, 1935, to June 30, 1936, the loss was £11,851. Debit balance carried forward £69,329. It has been decided to write off against reserve account and whole of development expenditure of £14,803. As result, reserve account now stands at £131,507.

LIMITED INVESTMENT FUND.—Distribution of 4.40d. per unit, tax free, for half-year to November 28, 1937 (Coupon No. 4), being at rate of £4 17s. 9d. gross per cent. per annum on initial price of £1 against £4 9s. on Coupon No. 3.

EDMONTON BANK CLEARINGS FOR NOVEMBER.—The total of the Edmonton Bank Clearings for November, 1937, was \$20,323,565.57 and for November, 1936, \$17,382,722.25.

supplies available. The list of controlled prices is to remain virtually unchanged over the next six months.

GLASGOW.—In the West of Scotland the quieter tendency in new business is more pronounced this week, except in the case of plates for which there is a heavy demand. At the steel plants, however, there is no slackening off owing to the enormous tonnage on books and the continued pressure for deliveries on the part of consumers. Makers of semis are not yet able to undertake all the business offering, but the increased supplies of Continental material now available have eased the situation for the re-rollers. For finished material specifications are not so plentiful this week, particularly for export. In many branches, however, several months' work is already on books and output is being rapidly absorbed by the manufacturing industries.

CARDIFF.—Conditions in the tinplate industry was appreciably easier. Production has declined to 67.6 per cent. of capacity, and it is not expected that there will be any substantial improvement in the output until the New Year. Prices are also weaker, and are now ruling around the scheduled cartel minimum of 22s. 6d. per box for approved specifications in soke finish, with waters quoted down to 18s. 6d. l.o.b. Shipments of tinplate at Swansea last week totalled 5,533 tons, compared with 9,373 tons the previous week, and 4,946 tons in the corresponding week last year. The Sheets, however, are an active market, but prices are easier owing to the fall in the quotation for zinc. In the heavier branches of the iron and steel industry there is little change.

OTHER METALS

COPPER.—The market was featureless this week. Consumers' buying was comparatively poor and turnovers on the London Metal Exchange were smaller than of late. Standard cash closed on Wednesday at £39 10s., a loss of 15s. on the week. Advances from the United States were not encouraging. Buying on the other side of the Atlantic continues small and the United States price structure remains vulnerable. Home warehouse and the United States price structure remains vulnerable. At the end of last week this country continued their recent advance. At the end of last week they reached a total of 29,935 tons, against 29,055 tons in the pre-week they were and are now at the highest level since the week ended March 6, 1937, i.e. the week of this year's record price.

According to the statistics of the American Copper Bureau, world stocks of refined copper rose by some 31,000 tons last month. The increase was, however, solely in American domestic stocks, those in the rest of the world being actually 7,000 tons lower. American consumption was some 11,000 tons smaller than in October, but the rest of the world absorbed 6,000 tons more. The increase in world stocks was appreciably smaller than the 40,000 tons increase which the market had expected, and prices consequently scored a recovery on Thursday.

Sales on the London Metal Exchange: 1,100 tons on Monday, against 2,300 tons last week; 1,400 tons on Tuesday, against 2,500 last week; 2,300 tons on Wednesday, against 900 tons last week. Domestic spot 725 tons on Wednesday, against 900 tons last week. Domestic spot was quoted at 9.65 cents per lb. in New York on Wednesday, against 10.02½ cents a week ago and 10.02½ cents a month ago. Wednesday's official closing price for standard cash in London was £39 10s. to £39 11s. 3d. compared with £40 5s. to £40 6s. 3d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 9,735 tons, showed an increase of 203 tons, while stocks of rough copper, at 20,200, were 677 tons larger.

LEAD AND SPELTER.—Lead lost 8s. 9d. per ton this week, closing on Wednesday at £15 13s. 9d., while spelter declined by 12s. 6d. to £14 17s. 6d. There was little demand, particularly for spelter, but offerings were also smaller. During the week it was reported that the Rhodesia Broken Hill Development Company has suspended its production of zinc owing to water shortage; but this step will do little to relieve the market.

The Metallgesellschaft lead production figures for October, published this week, were very disappointing for the market. Production reached the high total of 140,955 metric tons, as against 136,265 tons in September. Outputs in the first ten months of 1937 amounted to 1,366,699 metric tons, against 1,184,327 tons in the corresponding period of last year. Production must now be some 20,000 to 30,000 tons per month above current consumption and no major reduction in output is expected in the immediate future.

Sales of lead on the London Metal Exchange: 1,900 tons on Monday, against 1,900 tons last week; 1,850 tons on Tuesday, against 1,700 tons last week; 800 tons on Wednesday, against 700 tons last week. The New York quotation on Wednesday was 5.00 cents per lb., against 5.00 New York and 5.00 cents a month ago. Wednesday's official closing quotation in London for soft foreign for shipment during the current month was £15 13s. 9d. to £15 15s. per ton, compared with £16 2s. 6d. to month was £15 13s. 9d. last week.

Sales of spelter on the London Metal Exchange: 550 tons on Monday, against 1,250 tons last week; 1,400 tons on Tuesday, against 1,300 tons last week; 900 tons on Wednesday, against 600 tons last week. Wednesday's quotation in East St. Louis was 5.00 cents per lb., against 5.00 cents the week before and 5.75 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £14 17s. 6d. to £14 18s. 9d. per ton, against £15 10s. to £15 12s. 6d. last week.

TIN.—The tin market was even more disappointing than the other base metal markets this week. On December 10th, the I.T.C. decided to reduce the quota for the first quarter of 1938 from 110 per cent. to 70 per cent. of the standard tonnages. Bolivia, Belgian-Congo and Indo-China cent. of their arrears, plus certain additional tonnages up to an approximate total of 11,500 tons, in favour of Malaya, Nigeria and Dutch East Indies. Under these conditions total exports under the scheme are likely to reach 40,000 tons in the first three months of 1938 and the "outside" supply may reach about 6,000 tons. This prospective total supply of 46,000 tons compares with the apparent consumption in the first quarter of this year of slightly more than 50,000 tons. Although the cut in the quota was much larger than the market had expected, tin quotations declined this week and closed on Wednesday at £190 15s. per ton, a net loss of £4. The reason for this disappointing price trend, despite the lower quota, was the nervousness of the Singapore market in connection with the Japanese outrages in China and the great reserve of United States tin consumers who have covered the bulk of their requirements for the first quarter of 1938 at prices between £180 and £190. Unless American industrial activity revives, the tin market is likely to maintain its present weak appearance for some time to come.

Sales of tin on the London Metal Exchange: 550 tons on Monday, against 455 tons last week; 370 tons on Tuesday, against 280 tons last week; 115 tons on Wednesday, against 115 tons last week. The New York quotation on Wednesday was 43.37½ cents per lb., against 43.75 cents a week ago and 42.75 cents a month ago. Wednesday's official closing quotation in London for standard cash was £190 15s. to £191 per ton, compared with £194 15s. to £195 5s. a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 1,989 tons, a decrease of 73 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted on Wednesday at £100 per ton, and rolling billets at £102 per ton. Nickel, for home and export, was maintained at £180 to £185 per ton. Quicksilver, on the spot, was £13 to £13 0s. 6d. per flask of 76 lbs., the same as last week. Chinese antimony was quoted at £67 to £68 per ton, ex warehouse, as against £68 to £69 last week. Chinese wolfram for "December-January" shipment was quoted at 80s. to 85s. per unit c.i.f., as against 77s. 6d. to 82s. 6d. last week. Refined platinum was quoted on Wednesday at £7 12s. 6d. per ounce, compared with £7 12s. 6d. a week earlier.

TEXTILES

COTTON.—Manchester.—Although the tone of the market has continued quiet, some producers have reported more inquiry. In one or two directions business was slightly larger than in recent weeks. Greater firmness has shown itself. Raw cotton prices have shown a firmer tendency. Bullish features, however, are scarce, and apart from the enormous supply of raw cotton, consumption is tending to decline, especially in the United States. There is much discussion amongst the officials at Washington with regard to the details of crop control for next season.

Yarns have again moved off slowly and sales have not been equal to

COTTON PRICES

	1937				Corresponding Date	
	Nov. 24	Dec. 1	Dec. 8	Dec. 16	1935	1936
Raw Cotton—Mid. American	d. 4-64	d. 4-65	d. 4-64	d. 4-75	d. 6-41	d. 6-96
" Sakellaridis Fully Good Fair	8-19	8-12	8-13	7-91	9-52	10-44
" Egyptian	7-16	7-09	7-10	7-18	...	...
" Giza Fully Good Fair Egyptian	11½	11½	11½	11½	10½	11½
Yarns—32's twist	10½	10½	10½	10½	10½	11½
" 40's twist	17½	17½	17½	17½	16½	17
" 60's twist (Egyptian)	...	...	...	...	...	...
32-in. Printers, 116 yds., 16 by 16, 32's and 50's	s. d. 18 4	s. d. 18 4	s. d. 18 4	s. d. 18 4	s. d. 17 10½	s. d. 19 2
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	24 10	24 10	24 10	24 10	24 10½	28 9
38-in. ditto, 38 yds., 18 by 16, 10 lb.	10 7 10	7 10	7 10	7 10	4½ 10	6½
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.	9 7	9 7	9 7	9 7	9 4½	9 6½

half the production. The American Ring Yarn Price Agreement Committee has revised slightly the list rates, the changes being against buyers. In both the American and Egyptian sections there is determination to maintain margins, but owing to the small demand the owners of more mills are making arrangements to restrict output. Manufacturers of piece goods have not met with much encouragement, although possibly, in small lots, the turnover has been slightly better than in recent weeks. More manufacturers have been prepared to make price concessions rather than make to stock or stop looms. Some shippers to India have given out a few more orders, chiefly in bleaching and printing styles. Fancies have attracted a moderate amount of attention for several minor outlets East and West. Stocks of dear goods which cannot be moved continue to harass traders, and until these are reduced there seems to be little probability of any big buying movement. Home trade requirements have been limited.

JUTE.—Dundee.—Almost idle conditions prevail in the jute industry here. Buyers are showing extremely little interest in cloth and confine their purchases to the trifling lots. This has an adverse effect on yarns and then on raw jute, so that the market is being carried on under depressing circumstances. Calcutta goods have shown further weakness in recent days, and now 10 oz. 40 in. is down to 16s. 11d. for all positions December to June, with 8 oz. at 13s. 6d. December, 13s. 7d. January/March, and 13s. 8d. April/June. The Indian jute mills must be losing money at these low and uneconomical rates, but they go on producing and working the increased number of hours of recent months. Stocks of hessians in Calcutta have substantially increased lately, amounting to 173 million yards at the end of November, compared with 91 million yards at the end of July. They have now reached the highest point since September, 1931, and are having a depressing influence on prices. The "talks" between the Associated Mills and the non-member mills have not resulted in any favourable tendency towards an early settlement of the vexed question of working hours and the "outside" mills are apparently blind to the fact that an agreement on the matter would be very beneficial to them, as well as to the Associated Mills and also to the producers of jute goods in all countries. The keen competition to dispose of output in Calcutta naturally affects all markets, and Dundee manufacturers particularly have a hard struggle to keep going owing to the huge quantities of goods made in Calcutta which are sent to the United Kingdom as the only country where free import is allowed. Dundee interests are not allowing the question of a quota or tariff system to rest, and they are ready to make further representations to the Government for protection.

Raw jute has weakened a little because of larger imports into Calcutta. The full group of Daisee-2 3 is being offered here at £18 10s. and fairs at £17 7s. 6d., while Tossa-2/3 has been reduced to £19 15s. and fairs to £18 17s. 6d., December/January. There is a great lack of offers of white jute to Dundee this season, and prices are nominal at £22 for Firsts, £21 for Lightnings and £20 for Hearts, same shipment. Dundee's purchases of raw jute this season so far are only about half those of last season.

The market in jute yarns is slow, even at 2s. 1d. for common 8 lb. cops and 2s. 2d. for 8 lb. spools. In the absence of business these prices are nominal. Twist has been sold down to 3½d. for 3 ply 8 lb., but that is an exceptional price, as 3½d. is also being paid, while sacking yarns are named at 2d. for 24 lb. web and 3½d. for 8 lb. chains. Rove is firm at £21 for 48 lb. and £18 for 200 lb., but the finer yarns and carpet descriptions are very quiet and nominal.

Cloth remains very slow and the rates of 2½d. for 10 oz. 40 in. and 2½d. for 8 oz. are not being seriously tested. They are so much higher than Calcutta goods. Linoleum hessians and heavy goods are quiet. Holidays at the Dundee works at New Year, usually extending for 10 days, will be much longer this year.

GRAIN MARKETS

WHEAT.—The general level of prices is rather higher than it was a week ago, with Manitoba grades at a substantial premium. The tone of the markets is quietly steady. The Argentine crop has now been officially estimated at rather more than 200 million bushels—about 10 millions more than the market had expected—against 245 millions actually harvested last year. Meanwhile, threshing returns in Australia suggest that the final

OVERSEAS TRADE RETURNS

IMPORTS (Value C.I.F.)

	Month ended November 30		Eleven Months ended November 30	
	1936	1937	1936	1937
I.—Food, Drink and Tobacco—				
A. Grain and Flour	7,815,397	8,947,488	61,815,858	82,885,537
B. Feeding-stuffs for Animals	846,908	1,158,884	7,469,188	10,177,891
C. Animals, Living, for Food	774,126	866,045	6,646,903	6,551,783
D. Meat	5,714,802	6,504,138	71,122,108	78,692,705
E. Dairy Produce	5,666,919	6,600,608	60,905,739	65,311,024
F. Fresh Fruit and Vegetables	2,789,002	3,079,203	34,289,824	34,372,116
G. Beverages and Cocoa Preparations	4,371,722	5,619,131	40,443,022	43,665,716
H. Other Food	6,284,313	6,842,972	46,463,463	52,882,336
I. Tobacco	2,842,357	3,484,555	16,219,178	15,368,006
Total, Class I	37,105,546	43,103,024	345,375,283	389,907,114
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	2,262	1,395	30,725	22,450
B. Other Non-Metalliferous Mining and Quarry Products and the like	414,572	458,038	3,904,702	4,815,421
C. Iron Ore and Scrap	586,466	1,237,831	7,794,629	11,265,839
D. Non-Ferrous Metalliferous Ores and Scrap	1,130,214	2,007,700	10,985,403	17,473,266
E. Wood and Timber	4,776,736	6,654,761	40,056,663	56,762,216
F. Raw Cotton and Cotton Waste	4,883,451	5,456,937	40,480,997	43,803,744
G. Wool, Raw and Waste, and Woolen Rags	3,705,805	2,921,594	40,187,163	48,441,480
H. Silk, Raw, Knobs and Noils	151,873	257,302	1,700,226	2,056,456
I. Other Textile Materials	1,061,640	1,016,887	9,713,250	11,336,641
J. Seeds and Nuts for Oil, Oilseeds, Fats, Resins and Gums	2,169,116	2,928,979	28,154,011	32,924,163
K. Hides and Skins, Undressed	1,546,264	1,519,161	16,830,668	22,798,213
L. Paper-making Materials	1,194,404	1,663,592	10,782,490	14,062,536
M. Rubber	250,428	1,137,590	4,117,065	11,381,850
N. Miscellaneous Raw Materials and Articles Mainly Unmanufactured	956,000	1,085,734	9,445,271	11,110,257
Total, Class II	22,829,031	28,347,501	222,203,263	288,254,532
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and Manufactured Fuel	21,220	551	105,397	81,180
B. Pottery, Glass, Abrasives, etc.	735,673	752,951	6,803,441	7,524,343
C. Iron and Steel and Manufactures thereof	815,191	2,736,783	10,842,817	17,023,475
D. Non-Ferrous Metals and Manufactures thereof	3,119,154	4,822,540	29,697,417	51,389,251
E. Cutlery, Hardware, Implements and Instruments	616,669	698,673	6,243,934	7,098,119
F. Electrical Goods and Apparatus	362,921	332,996	3,341,211	3,783,315
G. Machinery	1,546,064	1,934,742	16,352,403	22,217,848
H. Manufactures of Wood and Timber	619,149	754,535	6,826,177	7,720,077
I. Cotton Yarns and Manufactures	275,829	337,246	2,582,329	3,150,092
J. Woolen and Worsted Yarns and Manufactures	328,129	320,801	2,830,098	3,946,824
K. Silk Yarns and Manufactures	204,105	217,442	2,363,698	2,718,592
L. Manufactures of other Textile Materials	713,190	736,610	6,867,445	7,518,691
M. Apparel	748,715	856,201	8,884,502	10,165,249
N. Chemicals, Drugs, Dyes and Colours	1,041,670	1,333,628	11,412,912	12,637,617
O. Oils, Fats and Resins, Manufactured	2,677,943	4,245,119	33,076,426	42,899,164
P. Leather and Manufactures thereof	871,362	754,928	8,892,991	9,221,593
Q. Paper, Cardboard, etc.	1,150,008	1,858,423	13,236,847	15,464,759
R. Vehicles (including Locomotives, Ships and Aircraft)	464,201	602,428	4,533,689	5,839,566
S. Rubber Manufactures	44,724	61,924	528,107	682,610
T. Miscellaneous Articles wholly or mainly Manufactured	2,033,608	2,165,654	18,385,961	21,048,612
Total, Class III	18,389,525	25,323,975	193,807,802	251,930,786
IV.—Animals, not for Food	154,239	223,356	1,807,271	2,726,564
V.—Parcel Post	201,504	253,360	2,678,685	2,563,240
Total	78,679,845	97,251,216	765,872,284	935,412,236

out-turn may be as high as 170 million bushels, compared with 150 million last year.

On Wednesday last, "December" futures were quoted in Chicago at 94 cents per bushel, against 97½ cents the week before and 94½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba (Atlantic), ex ship, 58s. per 496 lbs., against 56s. last week; No. 2 Northern Manitoba (Atlantic), ex ship, 55s. 9d., against 54s. 3d. last week. According to the *Corn Trade News*, total shipments of wheat and flour last week amounted to 1,088,000 quarters, against 1,541,000 quarters in the previous week and 1,073,000 quarters in the corresponding week a year ago.

FLOUR.—Demand remains moderate and prices show little alteration. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered home counties, 38s. per 280 lbs., as against 38s. a week ago; delivered inner London, 37s. 6d., as against 37s. 6d. a week ago. Manitoba patents, ex store, 38s. to 39s. 6d., as against 37s. 6d. to 39s. a week ago. Australian, ex store, 30s. to 31s. 6d., as against 30s. 6d. to 31s. 6d. a week ago.

BARLEY.—The market has been steady this week. Supplies of English malting descriptions are now very scarce. "December" futures were quoted at 59½ cents per bushel in Winnipeg on Wednesday, as against 58½ cents last week. Quotations for 448 lbs. in London on Wednesday were: "English feed," at farm, not quoted; "English malting," at farm, 55s. to 65s., as against 50s. to 65s. a week ago; Californian, ex ship, 49s. to 54s., as against 45s. to 55s. a week ago; Chilean, brewing, ex ship, 48s. to 49s., as against 45s. to 48s. a week ago.

OATS.—On Wednesday, "December" futures were quoted at 31½ cents per bushel in Chicago, against 31½ cents a week ago and 30½ cents

EXPORTS OF PRODUCE and MANUFACTURES of the UNITED KINGDOM (Value F.O.B.)

	Month ended November 30		Eleven Months ended November 30	
	1936	1937	1936	1937
I.—Food, Drink and Tobacco—				
A. Grain and Flour	172,740	168,125	1,652,209	1,596,690
B. Feeding-stuffs for Animals	52,313	41,512	524,363	599,216
C. Animals, Living, for Food	267	79	2,880	65,791
D. Meat	114,401	149,045	963,498	1,035,958
E. Dairy Produce	85,864	89,030	1,200,012	1,093,024
F. Fresh Fruit and Vegetables	138,036	78,088	271,541	401,748
G. Beverages and Cocoa Preparations	1,525,213	1,652,424	12,115,818	14,190,361
H. Other Food	1,312,810	1,392,286	11,310,185	11,702,088
I. Tobacco	411,900	412,904	4,142,006	4,639,419
Total, Class I	3,823,244	3,983,193	32,182,492	35,354,297
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	2,529,404	3,420,221	26,775,999	34,647,404
B. Other Non-Metalliferous Mining and Quarry Products and the like	83,063	119,637	1,036,600	1,242,420
C. Iron Ore and Scrap	45,198	33,900	347,724	848,635
D. Non-Ferrous Metalliferous Ores and Scrap	189,659	246,499	1,903,338	3,024,203
E. Wood and Timber	7,119	9,412	83,490	91,577
F. Raw Cotton and Cotton Waste	98,448	47,587	788,958	921,560
G. Wool, Raw and Waste, and Woolen Rags	821,026	536,435	6,757,380	8,544,958
H. Silk, Raw, Knobs and Noils	1,304	1,055	13,207	9,237
I. Other Textile Materials	37,859	32,099	469,370	539,365
J. Seeds and Nuts for Oil, Oilseeds, Fats, Resins and Gums	245,435	287,949	2,970,072	3,522,984
K. Hides and Skins, Undressed	138,953	138,459	1,851,953	1,851,783
L. Paper-making Materials	118,611	147,603	1,124,831	1,726,653
M. Rubber	20,784	29,900	170,035	364,091
N. Miscellaneous Raw Materials and Articles Mainly Unmanufactured	255,162	316,282	2,425,944	2,637,155
Total, Class II	4,568,005	5,347,328	46,408,907	59,807,335
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and Manufactured Fuel	270,093	338,806	2,704,108	3,929,492
B. Pottery, Glass, Abrasives, etc.	790,064	916,920	7,945,479	9,208,764
C. Iron and Steel and Manufactures thereof	3,233,003	4,262,428	32,704,872	44,207,097
D. Non-Ferrous Metals and Manufactures thereof	878,294	1,303,874	11,006,410	14,655,023
E. Cutlery, Hardware, Implements and Instruments	706,393	850,835	7,456,365	8,890,209
F. Electrical Goods and Apparatus	867,085	1,103,253	9,931,617	11,395,649
G. Machinery	3,641,806	4,807,215	37,556,491	44,849,067
H. Manufactures of Wood and Timber	116,090	127,261	1,110,544	1,220,661
I. Cotton Yarns and Manufactures	5,068,350	5,444,947	56,058,788	63,528,243
J. Woolen and Worsted Yarns and Manufactures	2,400,681	2,547,847	29,450,615	32,921,557
K. Silk Yarns and Manufactures	118,495	143,078	1,150,740	1,377,671
L. Manufactures of other Textile Materials	1,472,467	1,637,832	15,780,396	18,552,482
M. Apparel	969,431	968,599	10,997,901	11,552,199
N. Chemicals, Drugs, Dyes and Colours	1,828,179	2,084,524	19,172,777	22,826,313
O. Oils, Fats and Resins, Manufactured	451,104	473,432	4,568,114	5,501,042
P. Leather and Manufactures thereof	401,780	440,840	3,856,957	5,000,436
Q. Paper, Cardboard, etc.	900,446	755,480	6,118,986	7,419,419
R. Vehicles (including Locomotives, Ships and Aircraft)	2,638,138	3,721,324	29,356,488	36,102,511
S. Rubber Manufactures	121,286	135,288	1,433,914	1,527,367
T. Miscellaneous Articles wholly or mainly Manufactured	2,329,266	2,558,208	23,175,434	28,745,341
Total, Class III	28,872,431	34,681,991	310,636,901	371,715,208
IV.—Animals, not for Food	73,021	79,599	920,096	759,027
V.—Parcel Post	1,104,648	1,091,058	10,105,389	10,343,979
Total	38,441,349	45,183,169	400,233,785	477,976,846

last month. Quotations in London, Wednesday: "English Black," at farm, 26s. 6d. to 27s. 6d. per 336 lbs., as against 26s. 6d. to 27s. 6d. last week; "English White," at farm, 26s. 6d. to 27s. 6d., as against 26s. 6d. to 27s. 6d. a week ago; mixed Canadian feed (Vancouver), landed, 24s. 9d. per 320 lbs., as against 25s. a week ago.

MAIZE.—Under the influence of an improvement in demand and a decrease in Plate shipments prices have advanced. "December" futures were quoted on Wednesday at 58½ cents per bushel in Chicago, against 54½ cents a week ago, and 55½ cents last month. Quotations in London, Wednesday: "Plate," landed, 31s. 8d. per 480 lbs., as against 30s. 9d. "Plate," ex ship, 30s. 6d., as against 28s. 9d. a week ago; yellow maize meal, ex wharf, was quoted at 48 per ton, as against 47 17s. 6d. last week.

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

NEAREST FUTURE	Jan. 2, 1936	Dec. 31, 1935	Dec. 16, 1936	Dec. 30, 1936	Dec. 9, 1937	Dec. 16, 1937
Winnipeg (No. 1, Manitoba) — Cents per 60 lbs.	82½	84½	121½	129	119½	128
Chicago (No. 2, Winter) — Cents per 60 lbs.	96½	101½	134½	138½	97½	98

The visible supply of wheat in Canada amounts to 61,482,000 bushels against 61,696,000 bushels last week and 63,557,000 bushels in the corresponding week last year.

SALES AND PRICES OF BRITISH CEREALS.—The following table gives the estimated sale of home-grown wheat during the harvest years 1934-35 to 1937-38

	1934-35	1935-36	1936-37	1937-38
Estimated sales of home-grown wheat—				
1 week to December 11	Cwts. 380,540	Cwts. 352,153	Cwts. 280,690	Cwts. 258,996
14 weeks to December 11	6,477,139	6,547,020	5,232,344	5,322,420
Average price of English wheat per cwt.	s. d. 4 10	s. d. 5 9	s. d. 8 7	s. d. 8 8

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

Week ended	Quantities Sold			Average Price per Cwt.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
December 9, 1933	Cwts. 338,534	Cwts. 375,163	Cwts. 45,712	s. d. 4 7	s. d. 9 2	s. d. 5 3
December 8, 1934	380,540	312,573	41,241	4 10	8 7	6 8
December 14, 1935	352,153	325,391	32,811	5 9	8 2	5 10
December 12, 1936	280,690	389,768	61,967	8 7	9 4	7 1
December 4, 1937	286,985	399,771	43,700	8 9	13 1	8 6
December 11, 1937	258,996	326,987	42,968	8 8	13 2	8 4

OTHER FOODS

BACON.—Bacon has been a steady market this week. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 97s.; Canadian, 89s.; Danish, 95s.; against 97s., 89s., and 95s. last week. Arrivals in London last week included: Danish, 14,234 bales; Canadian, 7,303; Dutch, 2,151; Lithuanian, 1,690; and Polish, 3,136; as against 14,263, 6,709, 2,585, 1,725 and 3,029 bales, respectively, in the previous week.

BUTTER.—Colonial butters were rather firmer on a temporary shortage of available supplies, and Danish also scored a further advance. Quotations (per cwt.) on the London Provision Exchange on Monday were: New Zealand, finest salted, 114s.; Australian, choicest salted, 113s.; Danish, 154s. to 155s.; compared with 111s., 109s. and 152s., respectively, a week ago.

CHEESE.—New Zealand and Australian cheese were a rather slow market this week, with other sorts steady. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English to Cheddars, finest farmers, 94s. to 96s.; Canadian, finest coloured, 72s. to 74s., and New Zealand, finest coloured, 64s. 6d. to 65s.; against 94s. to 96s., 72s. to 74s., and 66s., respectively, a week ago.

COCOA.—A renewed decline in quotations occurred this week. The spot quotation in New York on Wednesday was 5½ cents per lb., as against 5½ cents per lb. last week. In London, on Wednesday last, good fermented 5½ cents per lb. last week. "December-February" was quoted at 24s. 3d. sellers new crop, Accra, c.i.f. Continent, against 26s. 3d. a week ago. Last week's per 50 kilos., c.i.f. London were as follows: Landed, 5,612 bags; movements of cocoa in London were as follows: Landed, 2,859 bags; delivered for home consumption, 10,088 bags; exported, 2,859 bags; stocks, 133,913 bags, against 103,737 bags a year ago.

COFFEE.—The London spot market again had a quiet tone. New York prices suffered a further fall, but were steady at the lower level. On Wednesday, Rio No. 7 (cash) was 6½ cents per lb. in New York, as compared with 6½ last week and 6½ a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 65 cwt.; delivered, 63 cwt.; exports, nil; stocks, 2,026 cwt., against 1,114 a year ago. Central and other South American: Landed, 1,428 cwt.; delivered, for home consumption, 1,751 cwt.; exported, 396 cwt.; stocks, 64,699 cwt., against 54,487 cwt. last year. Other kinds: Landed, 3,065 cwt.; delivered, for home consumption, 3,656 cwt.; exported, 211 cwt.; stocks, 59,160 cwt., against 89,713 last year.

EGGS.—In response to the spell of cold weather, the market has been firm. At Smithfield, on Wednesday, English (ordinary packing, Grade I, about 15-15½ lb.) realised 21s. 6d. to 22s. per 120, against 21s. 6d. to 22s. last week; while Danish (15½ lb.) made 17s. 6d. to 17s. 9d., as against 16s. to 16s. 6d. last week.

FRUIT.—Despite rather unfavourable weather conditions, business at Covent Garden during the past week showed a gradual improvement, according to *The Fruitgrower*. Fancy fruits and other Christmas lines—particularly tangerines—were rather short, and all regular lines showed a firmer tendency. The apple trade was fairly active, although English culinary sorts were not moving quite so well. Pears continued in demand. South African deciduous fruit met a good reception, peaches, apricots and plums all selling well. Hothouse grapes were a steady trade, with prices inclined firmer. Azores pineapples have been receiving more attention, selling

has gone by in comparative peace. The qualification is needed, for in Spain the civil conflict still rages in all its bitterness, and in the Far East Japanese aggression, endemic for six years past, has blazed up into a new and most destructive war. But neither the war in Spain nor the war in China has yet provoked an open conflict in which more than one of the Great Powers is engaged at the same time. This comparative peace has been bought only at the cost of still further retreats by the democratic Powers in the face of ever bolder aggression. We are thus still buying time, and history alone will be able to say whether our purchase has been a good bargain.

In the economic sphere also, 1937 has not precisely lived up to the expectations that were held of it twelve months ago. The surprises have, in the main, been on the unfavourable side. There were few people a year ago, for example, who realised that Stock Exchange values were then standing at their peak. There were few who foresaw the weakness that was to afflict the majority of commodity markets. There were few who predicted a

recession of industry and trade in the United States, which, on its smaller scale, has proceeded even more rapidly than the sensational slump of 1929. Yet in spite of these disappointments, there is enough and to spare in the economic record of 1937 for which to be thankful. For at least three-quarters of the year the expansion of enterprise has continued as fast as ever, and the check to further progress administered in the last three months of the year has so far been only a surface modification of widespread prosperity. Nearly a third of a million more people have drawn wages this Christmas week than last year, and the British people as a whole have more money to spend this Christmas than ever before.

There is ground, then, for thanksgiving this Christmas, even though there are possibilities in the future grim enough to appal any thinking man who attempts to outline the course of the next few years. But if, twelve months hence, we can say of 1938 as we now say of 1937 that the worst fears have not materialised, that in itself, in this troubled age, will be a source of Christmas comfort.

Eire

"RING out the old Free State! Ring in the new Eire, or, in the English language, Ireland," will be the message of the bells of Dublin on December 29th. For that is the day on which the new Irish constitution will come into force, and that is the full new title of the State which MR DE VALERA will rule.

The addition of a familiar English name was the work, not of those who drafted the constitution, but of the Dáil in amending it. Gaelic may indeed become the future vehicle of Irish thought and sentiment, but it was not for "Ould Eire" that the Irish political heroes, from WOLFE TONE to EAMON DE VALERA, fought and (many of them) died. So in the English language the Irish Free State becomes Ireland—a confusing nomenclature, since six of the thirty-two counties of Ireland are actually outside, but significant of the mood in which the whole new constitution has been framed. Article 2 of the constitution runs thus: "The national territory consists of the whole island of Ireland, its islands and the territorial seas." Article 3 provides that "pending the re-integration of the national territory" the laws of the Parliament now to be established shall apply over the same area as those of the Irish Free State. But the general terms of the constitution, from the declaration of "inalienable, indefeasible and sovereign" rights to the absolute prohibition of legal divorce, must be taken as applying, in the minds of its framers, to the whole of Ireland, including that portion which is in fact alienated and not sovereign.

The constitution, indeed, serves a declaratory as well as an operative purpose. The new organs of government that it sets up, and the rules it makes for their functioning, are in many ways less important than the expression it gives to Irish phobias and Irish dreams. It does not, in so many words, read Eire out of the British Commonwealth, though the only hint of continued membership is in the paragraph permitting the Government, in conducting its external relations, to use or adopt any instrument or method of procedure "used or adopted for the like purpose by the members of any group or league of nations with which the State is or becomes associated for the purpose of international co-operation in matters of common concern." But the constitution takes bell, book and candle to the English monarchy. With superstitious care it avoids calling the

bogey by its name, cumbrously assuming for "the people" the powers and rights exercisable in or for the Irish Free State immediately before December 11, 1936, by "the authority in which the executive power of Saorstát Eireann was then vested." The significance of the date is that on that day, when KING EDWARD VIII's abdication took effect, a Saorstát law was passed which relegated the Crown to the position of being nothing more than an instrument—and an optional one at that—of external relations.

It must not, therefore, be assumed that the new constitution is completely republican. It contains no mention of a republic, and the powers of the new President (who is to be elected for seven years with the right of re-election once) resemble those of a restricted constitutional monarch rather than those of most republican heads of States. He is even provided with a Privy Council in the shape of a Council of State, though this is only an advisory and not an executive body. The pattern of Bunreacht na Eireann is not the French or the American but the British constitution. Indeed, the President of Ireland has in many ways less legal power than the British King or a Dominion Governor-General; for he is more closely hemmed in by written and formal limitations on his action. For instance, he is left no elbow-room whatever in calling upon a statesman to form a Government, but under the constitution he must appoint his Prime Minister on the nomination of the Dáil.

Experience alone can decide whatever difficulties may be in store when the parties in the Dáil are nicely balanced, or when none of them has an absolute majority, or when parties themselves are split over rival personalities. Even now MR DE VALERA's party has no absolute majority, though he himself stands out so far above other personalities that the choice could not be in doubt. The system of proportional representation imposed by the new constitution makes a succession of parliamentary deadlocks far more likely under the Irish than under the British system, particularly if proportional representation becomes really effective through the enlargement of the constituencies. Powerful voices are being raised in Ireland to-day to urge that the corollary of P.R. in the Dáil elections is P.R. in the Dáil's choice of Ministers, and the abandonment of party

government. This may yet prove the inevitable by-product of the rigidities imposed upon the President by the new constitution—a possibility doubtless unforeseen by its draughtsmen.

Eire begins its fresh career with the Presidency in commission. Our contemporary, *Dublin Opinion*, in its Christmas pantomime scene, depicts the President as no more than a pair of striped trousers climbing the beanstalk to the land "above politics." But the mystery that has enveloped the choice of candidates must soon be dispersed, for the first President must enter upon his office not later than one hundred and eighty days after the constitution comes into force—that is to say, by June 20, 1938. A contested election (on the basis of the single transferable vote) might possibly be an exciting trial of Irish political trends. It must not be forgotten that MR DE VALERA's party received only 45 per cent. of the votes cast at the general election in July, or that the constitution itself was approved by a majority of only five to four, and by less than 40 per cent. of the total electorate.

This is not to suggest that the constitution itself, once in force, will be an object of envenomed opposition in Ireland by any but a few extreme republicans or die-hard imperialists. Englishmen, for their part, cannot be expected to like it, but they cannot help raising their hats to the ingenuity with which MR DE VALERA

and his friends have expressed their faith in constitutional terms while leaving the British and the Irish Redmondite minority to dream unawakened their dream of Ireland as an equal partner in the British Commonwealth. MR DE VALERA clamped his jaws upon the doctrine of external association in 1920, and has now at last swallowed his mouthful of it. But is the British Commonwealth relationship itself now more than external association? It is true that Ireland's new form of Government and declaration of rights may give rise to certain awkwardnesses in her relations with the Crown, with Great Britain and the rest of the Commonwealth. Such friction, however, is unlikely to be more troublesome than the checks and complications that lie in shoals within the new constitution itself. Unless MR DE VALERA hurries he may find that after December 29th his decision to recognise Italy's empire of Abyssinia will be challenged, not by the British Crown, but by the Irish Courts under the fine clauses of Article 29, which run: "Ireland affirms its devotion to the ideal of peace and friendly co-operation amongst nations founded on international justice and morality. . . . Ireland accepts the generally recognised principles of international law as its rule of conduct in its relations with other States." The postman, clearly, must not be tardy in delivering MR DE VALERA's Christmas message of peace and goodwill to the Palazzo Venezia.

Italy's Mineral Resources

LIKE Germany, Italy has embarked on a policy of self-sufficiency. The needs of national defence, the protection of Italian currency and trade, and the desire to develop domestic resources to feed a population encouraged by special inducements to breed and multiply are the reasons given for this campaign. Moreover, the application of economic sanctions by the League in 1935 to restrain Italian aggression in Abyssinia undoubtedly strengthened Signor Mussolini's resolve to achieve autarky at all costs; and prompted a more stringent control over Italian foreign trade and exchange transactions.

It is doubtful, however, whether autarky can be even moderately successful in Italy. Perhaps in agriculture some degree of self-sufficiency may be achieved, but the deficiencies of Italy's mining and metallurgical equipment set a well-defined limit to the success of her present policy. She has inadequate workable deposits of many essential minerals, of coal, iron ore and petroleum. She is largely dependent on foreign supplies of ferrous and ferro-alloy minerals.

The most marked shortage is of fuel. Italy needs nearly 12 million tons of coal every year, and her annual production of coal and lignite is less than one million tons. Eventually she hopes to produce about 4 million tons annually from Istria and Sardinia; but even then she will need to supplement her resources by imports. Mainly as the result of sanctions, supplies from the United Kingdom dwindled to 77,000 tons in the first half of 1936; and Italy now depends largely on Germany and Poland. The German supply of coal to Italy rose to 7.4 million tons in 1935 and 3.23 million tons in the first half of 1936. And an agreement with Poland to produce an import of 1.3 million tons took effect recently.

There is a similar deficiency of petroleum. Italy consumes 1½ to 2 million tons annually, and her production from home sources is only 20,000 tons; though she refines something like three-quarters of a million tons from imported crude oils. Intensive efforts have been made to encourage the exploitation of oil-bearing land and to increase production. Subsidies and bonuses have been offered, and the S.A. Azienda Nazionale Idrogenazione Combustibili was recently formed under State

auspices with a capital of 400 million lire. This company has two hydrogenation plants under construction at Bari and Leghorn to treat crude Albanian oil.

Italy's shortage of iron is equally striking. It became acute in the later months of 1936, when naval orders and oil contracts made large demands on the iron and steel industry. Normally the Italian production of iron ore amounts to only a half to three-quarters of a millions tons annually, and to make on an average just over two million tons of steel yearly Italy must import ore and scrap from abroad. Early in 1936 the Steel Scrap Buying Cartel was formed, because of a serious shortage of scrap largely due to Government restrictions on imports. Recently, however, all countries have found it difficult to obtain scrap, and Italy's import has fallen from one million tons in 1935 to 400,000 tons in 1936.

Italy is also dependent on imports for adequate supplies of ferro-alloy minerals. She produces only 25,000 tons of low-grade manganiferous ores annually, and needs 90,000 tons every year, which will not be met from home output even if the development of new mines in Cosenza and at Pisa is remarkably successful. In 1934 Italy imported 65,284 tons of manganese ore, and 49,122 tons in the first half of 1935.

Italy is no better supplied with precious metals. The gold production of Piedmont is no more than 80 kilogrammes a year; and the silver derived from Italy's base metal properties amounts normally to under 20 per cent. of her annual requirements. In spite of high hopes of Abyssinia as a producer of precious metals, it is probable that the geologists and mining engineers are right when they say that no workable gold or silver will be found there.

Thus the task of achieving self-sufficiency in fuel, ferrous minerals and precious metals is probably beyond Italy's powers of adjustment. On the other hand, Italy is more adequately endowed with non-ferrous and non-metallic minerals. Her production of zinc ore in 1935 had a metal content of about 53,000 tons, and her resources should satisfy Italian requirements for seven more decades. Cheap water power, high tariffs and substantial subsidies have in this instance been effective.

In 1935 total imports of 30,359 tons of lead came chiefly from Mexico and Spain, and Italy has only a few high-grade lead deposits. Nevertheless, although Italian mines are not yet capable of producing the tonnage of ore required by the smelters and for munition manufacture, domestic production has been increased by over 50 per cent. since 1933. Similarly, although Italy has no important copper deposits, she produces nearly 2,000 tons of cement copper annually, with a copper content of 75 per cent., from her copper-bearing pyrites. In 1935, in addition, she imported 88,000 tons, mainly from the United States, Chile and Portuguese Africa. But she is replacing copper by aluminium in the building, automobile and electrical industries.

Indeed, Italy's position is notably favourable in the production of aluminium. Her plants produce 36,000 tons of Al₂O₃ and over 15,000 tons of the metal annually. Bauxite ore is abundant in Istria and water-power is cheap; production has been enormously increased. There are large reserves on the Adriatic coasts and in the Appennines. Output figures are given below:—

	1913	1923	1929	1935
Aluminium (metric tons) ...	874	1,480	7,373	15,110
Bauxite (metric tons)	7,000	95,000	192,774	174,000

Moreover, experiments are being made to produce aluminium economically from leucite, found in practically unlimited quantities and yielding potash salts for agricultural purposes.

Italy is similarly well supplied with mercury and elemental sulphur. The improvement in prices and foreign demand since 1934 has led to a striking increase in mercury production and export. The Tuscan mines have an annual production of 1,500 tons, and the Idria mine of 500 tons, though this mine will soon be exhausted. As Italian consumption is only 100 tons a year, however, her importance in the world market for mercury has only an indirect bearing on her campaign for self-sufficiency. A similar position exists with regard to elemental sulphur, in the production of which Italy and Sicily are second only to the United States. Here the problem is one of export sales, marketing arrangements and world prices.

When all is considered, however, Italy is poorer even than Japan in her domestic supplies of strategic minerals. Intensive efforts have been made to find new

ITALY'S MINERAL PRODUCTION, ETC.

		(In metric tons)	
		Reserves	Domestic Production
			1935 1936
Coal	220 million tons	953,250	1,000,000
Iron ore	10 million tons	650,000	880,000
Pig iron	...	625,741	747,351
Steel	...	2,209,177	2,024,577
Pyrites	25 million tons	784,000	865,000
Zinc ore	9 million tons	234,000	326,000
Zinc	...	27,000	27,171
Lead ore	...	39,000	49,000
Lead	...	19,300	22,400
Bauxite	15 million tons	174,000	262,000

minerals in Ethiopia, Somaliland and Eritrea. The Compagnia Mineraria Ethiopica with a capital of £215,053 has been formed to explore coal deposits in Italian East Africa, and about £130 millions have been spent since 1934 in African conquest and exploitation. The Institute for Industrial Reconstruction, initially founded in 1933, was reorganised last June and given permanent functions. A sum aggregating £11 millions was placed at its disposal, to enable it to take up new shares in industrial undertakings engaged in re-armament activities, or the development of Italy's self-sufficiency policy, or in the agricultural and industrial development of Abyssinia. At the same time the Iron Finance Company was formed with a capital of £9.7 millions, to which the Institute for Industrial Reconstruction will transfer its shareholdings in the Ilva, Terni and two other iron works. Last October the Italian Cabinet gave its approval to the imposition of a 10 per cent. levy on the capital and reserves of joint-stock companies. This is expected to yield nearly £50 millions, and is designed to defray part of the cost of the Abyssinian war, the economic development of Ethiopia and the prosecution of the re-armament programme. More generally, through the Ministry of Corporations, drastic measures have been taken to regulate mineral production and trade. Export premiums on zinc concentrates to increase lead output; the abolition of import duties on many raw materials; the licensing of imports over the whole range of metals and raw materials; and the devaluation of the lira; all these devices have been adopted to minimise Italy's deficiencies. In the long run, however, the most Italy can do—and the best—is to trade more freely. She cannot become self-sufficient.

A Year's New Capital

IT is more than a trite commonplace to say that the year 1937 was unlike all its predecessors in the new issue market. During its course a great deal of new money was borrowed, yet somehow the market never became really active. Four main factors shaped the mould in which the year's events were cast. In the first place, industrial production reached an all-time high peak. Secondly, interest rates rose perceptibly in the first half of the year, but achieved rock-like stability in the second half. Thirdly, equity share prices wavered, declined and, finally, slumped. And last, but certainly not least, the Treasury was not content with its rôle of point-duty policeman, but re-entered the gilt-edged market as a borrower on its own behalf, with the issue of the first *tranche* of its Defence Loan.

The tables set out on the next page show that the year's direct public offerings (our "old basis" figures, in Tables I and II) were almost identical with those of 1936, which were two and a half times as large as in 1931, the worst year of depression, but only a little more than two-thirds of those of 1928, the best pre-depression year. If the computation be extended to include all new capital in which Stock Exchange dealings were authorised, the total (Table III "New Basis"), it will be seen, was 7½ per cent. lower than in 1936, but 28 per cent. higher than in 1935. Of the aggregate amount of £458 millions thus arrived at, 84½ per cent. was destined for employment at

home, 14 per cent. for the Empire and a mere 1½ per cent. for foreign countries. The new domestic capital was shared almost equally between gilt-edged borrowers, like the Government, certain municipal authorities and public boards, and "other borrowers," who were mainly home industrial companies. The largest industrial borrowers were mining companies and iron, steel and engineering concerns. The "exploration, financial and investment trust" group of companies, however, easily outdistanced any other single group of non-Government capital raisers. And the stream of conversion issues (Table IV), after achieving torrent-like force in 1933-35, was reduced to little more than a rivulet.

There were, in fact, three sharply differentiated types of borrowers in the past year, who, between them, largely monopolised the market. The first included the British Government and its protégés. The Treasury found no new public works project, of national importance, to back with its guarantee, though the final instalment of London Electric Transport stock duly appeared in January. But it lost no time in issuing the first £100 millions of Defence Bonds, on an unreceptive market, after the opening of the Budget in April; and the passing of the Tithe Act had its sequel in the opening of Stock Exchange dealings, in August, in £46½ millions of Redemption Stock. Ostensibly, the Government is adamant in opposition to the conception of a National

Investment Board; actually, an increasingly important share of the new issue market is coming directly or indirectly under its control. In the past year its own creations of gilt-edged securities represented nearly one-third of the total of new securities of all kinds which received "permission to deal." In coming months the list will be extended by further issues for Defence and by the creation of anything up to £76½ millions of new stock for the purchase of mining royalties. If account be taken, also, of the fact that other gilt-edged domestic borrowers, like the municipal corporations, can make long-term offers to the public only on official "advice" as to amounts, times and terms, while all overseas issues require a specific Treasury visa, then it would appear (on the evidence of Table III) that approximately half the total new borrowing of 1937 has been subject to official direction in one form or another.

A second type of borrower, of which the public have, possibly, seen a little more than enough in 1937, has been the new company—usually of small size—whose creation is a function of contemporary Stock Exchange activity. The stream of speculative company issues has, however, tended perceptibly to slacken in recent months, and is unlikely to regain its earlier pace and volume in the absence of a marked revival in equity share dealings.

Finally, special comment may be reserved for an influential category of borrowers who never come to the issue market at all—established industrial and commer-

cial concerns who finance their capital extensions out of their own accumulated earnings. An approximate idea of their importance may be deduced from the fact that (Tables V and VI), out of £255 millions of new company securities to which facilities for Stock Exchange dealings were granted in 1937, only £100 millions were issued by means of a prospectus or offer for sale. The process of *internal* capital accretion is continuous—our records of industrial profits show that some 2,109 companies added £72½ millions to their reserves in the first eleven months of this year. Figures of capital which has obtained "Permission to Deal" afford no reliable measure of the extent of this class of "borrowing" in any one year; for a single bonus share issue may confer *de jure* status on capital which has been accumulating, *de facto*, over a considerable period. But of the growing importance of the custom of financing industry from within rather than from without, and of its far-reaching reactions on the public issue market, there can be no question whatever.

On page 663 we give a supplementary table, showing some of the largest individual offers during the past year. The conclusion suggested by our figures, taken as a whole, is clear. Given the probable continuance of relatively low interest rates and the absence of any striking recession in industrial activity, the extent to which new securities will be created in the near future depends largely on Government policy, on the one hand, and the decisions of company directors, on the other.

TABLE I

TOTAL BORROWING BY DIRECT PUBLIC OFFER (OLD BASIS)

		British				Empire	Foreign	Total Issues	Index 1928 = 100
Calendar Years		Government	Home Corporations*	Others	Total Home				
1928	83.9	14.9	164.8	263.6	63.2	42.3	369.1	100	
1929	65.4	8.3	124.3	198.0	61.4	28.2	285.2	77	
1930	65.6	41.7	63.3	170.6	61.4	35.8	267.8	73	
1931	10.7	8.0	35.8	54.5	38.5	9.1	102.1	25	
1932	103.7	28.3	31.5	163.1	25.5	0.3	188.9	51	
1933	150.8	24.5	34.9	210.2	29.2	5.4	244.8	66	
1934	44.1	30.1	57.5	137.7	29.9	1.5	169.1	46	
1935	88.0	51.1	81.6	220.7	15.2	0.2	236.1	64	
1936	60.2	79.5	90.6	230.3	24.7	0.7	255.7	69	
1937	95.8	43.7	84.7	224.2	21.1	6.3	251.6	68	

* Including county and public board loans.

TABLE III

TOTAL BORROWING, INCLUDING "PERMISSION TO DEAL"

		British				Empire	Foreign	Total Issues
Calendar Years		Government	Home Corporations*	Others	Total Home			
1935	88.0	54.9	183.9	326.8	29.3	1.2	357.3	
1936	60.2	82.1	308.1	448.4	33.8	11.7	493.9	
1937	143.1	45.3	199.1	387.5	63.4	7.1	458.0	

* Including county and public board loans.

TABLE IV

CONVERSION ISSUES (OLD BASIS)

		CALENDAR YEARS				
		(Million £)				
		1933	1934	1935	1936	1937
British Government ...	50.7	105.0	204.0	37.2	Nil	
Other Conversions	172.4	136.9	108.2	109.7	58.5	
Total	223.1	241.9	312.2	146.9	58.5	

TABLE V

TOTAL COMPANY ISSUES BY PROSPECTUS (OLD BASIS)

		CALENDAR YEARS							
		(Million £)							
		1930	1931	1932	1933	1934	1935	1936	1937
Deb.	49.7	23.9	14.8	17.3	14.1	25.2	18.9	18.0	
Pref.	15.8	6.9	12.8	12.7	21.5	31.7	24.4	19.5	
Ord.	22.1	20.3	6.0	10.0	44.9	37.3	70.3	62.5	
Total	87.6	51.1	33.6	40.0	80.5	94.2	113.6	100.2	

TABLE VI

TOTAL COMPANY ISSUES (NEW BASIS)

		CALENDAR YEARS		
		(Million £)		
		Year 1935	Year 1936	Year 1937
Debentures	46.7	35.6	26.8	
Preference	48.4	41.6	30.6	
Ordinary	115.6	268.0	197.7	
Total	210.7	345.2	255.1	

* Includes £67,500,000 bonus share of F. W. Woolworth and Company.

South American Republics

SOUTH AMERICA is sometimes described as the sixth continent. The name is apt. Geographically, the connection of the great triangular mass of South America with North America is slight. Politically, South America stands apart from the whole of the rest of the world. It is neither the home of Great Powers nor under their domination. With the exception of the three Guianas, the whole of the mainland is divided between ten independent republics, none of which is even remotely under the control of any external power. Argentina has many ties with Great Britain; Brazil has for many years had close relations with the United States; there is a traditional friendship between Chile and Germany; and all ten republics keep in close contact with the sources of their languages and culture, Spain and Portugal. But these relations are no more than the special ties of blood or interest which unite all sovereign states. South America was hardly at all brought into the Great War. Brazil did, indeed, formally declare war upon Germany, but her co-operation was not very active, and the other nine republics remained neutral. The continent is thus in a category of its own. Undeveloped but independent; sovereign but playing no part, active or passive, in the game of world politics, it is hardly remarkable that South America stands somewhat outside the main stream of world affairs.

In history, both before and after what we with our European arrogance call the discovery of America, the southern half of the great double continent was the senior partner. Before the coming of the *Conquistadores* the west coast at least was more thickly populated and far more advanced in civilisation than the areas which now form the United States. Moreover, the European discoverers turned their attention earlier and more thoroughly to the South than to the North. When the Pilgrims landed in Massachusetts Bay the Spanish system of vicerealties and *audiencias* was already almost a century old in the South. Why, then, is it that North America, with so late a start, has left South America so far behind?

The answer to this comprehensive question, and much else besides, can be derived from a most useful volume recently published by the Royal Institute of International Affairs.* This book, which grew out of one of the Chatham House study groups, brings together a mass of information which had formerly to be sought from an intensive reading of many authorities, and it will therefore by itself do a great deal to remove some of the ignorance of this vast area which afflicts many Europeans who are otherwise well acquainted with the world. Some explanation of the slow development of South America can be found in the methods pursued by the Spaniards. Not only was the political administration closely centralised, but trade was also confined to very narrow channels. It was not until 1778 that permission was given for direct trade from Buenos Aires to Spain; until then the only permitted route was the long and incredibly difficult trail along and across the Andes to the isthmus of Panama. When Boston, New York, Philadelphia and Charleston were already flourishing ports, the great River Plate saw only one ship in every six weeks.

Rigid mercantilism, however, must not be exclusively blamed for what is largely geography's fault. South America lacks all North America's advantages. In minerals, despite all the wealth of the Incas, it is very poor. Its greatest width is in the tropics, where intensive development is impossible. The interior of the continent is as inaccessible as the Middle West is open. The Andes, the longest and, save for the Himalayas, the highest mountain chain in the world, impose an insuperable obstacle to any lateral circulation. As a result, the republics are still very largely composed of coastal or river settlements, isolated from each other by

* "The Republics of South America." Oxford University Press. 374 pages. 21s.

distance. They all trade outwards with the rest of the world rather than with each other, and in almost every case it is easier to get from the chief port of a country to Europe than to many parts of its own hinterland. Only in Argentina has there been anything approaching intensive development, and Argentina is more favoured than her neighbours by her temperate climate and by the extent of her flat and fertile pampas.

In spite of this isolation, there are surprisingly many similarities between the different republics. Brazil is an exception to many of the generalisations: she is the only Portuguese-speaking republic, the only one which has experimented with monarchy. But even in Brazil the underlying forces of geography and history work out in the same patterns as in the other states. Politics, for example, has its local variations. But everywhere there is the dominance of *personalismo*, the mixture of democratic forms with the individual authority of the *caudillo*, which leads to endless revolutions and *coups d'état*. In all the republics the basic issues of politics tend to be the same. The land and its ownership, the political battles between *Liberales* and *Conservadores* have nearly always hinged on one or more of these controversies.

From the long-term point of view, the most interesting question for South America is that of population. The present composition of the population varies much more than most Europeans realise. Ecuador, Peru and Bolivia are predominantly Indian countries. The small half-breed or *mestizo* population in each country has played the largest part in running these countries hitherto, but the Indians are becoming politically conscious and these three countries may well develop along the same lines as Mexico, where Indian emergence and agrarian radicalism walk together. The *Aprista* movement in Peru, which seems to be taking the lead in this direction, is one of the most interesting and original of all the world's revolutionary ideas. Venezuela, Colombia and Paraguay are all, in varying degrees, *mestizo* countries. Chile must also be classed as a *mestizo* country on any rigid definition. But there is a stronger white strain, and in addition the Araucanian Indians in other parts of the continent, and the Chilean *mestizo* is of a noticeably more enterprising character than in the other states. Argentina and Uruguay are the only countries in which the white descendants of European blood, though later immigration into Argentina has brought elements other than the Spanish, among whom ethnographic classifications. It is the true melting-pot, in which white immigrants of all nationalities are mixed and remixed with Indians, Negroes and Japanese.

For many years to come, South America will be economically dependent on the outside world. In each republic, with surprising uniformity, the national economy depends almost entirely upon the export of one or two agricultural or mineral products; meat and grain in Argentina, coffee in Brazil, copper and nitrates in Chile, oil in Venezuela, and so forth. There is no industrialisation, and no possibility of more than the most artificial industrial growth. The region of Buenos Aires, the great Southern Chicago, is the only exception to this generalisation, and also the only area where there is enough indigenous accumulated wealth to finance the growth of enterprise. Not even Argentina, however, is entirely free from the need for foreign loans which, for the other countries, will remain an absolute necessity.

Thus for commercial and financial reasons, if not political, the English-speaking nations and the South American republics will continue for many years to have need of each other. All the more desirable is it that they should increase their mutual knowledge and appre-

Notes of the Week

Parliament Adjourns.—In the closing stages of the session's first term the time of the House of Commons has been very much taken up by the Committee stage of the Government's Coal Bill. Amendment after amendment by Labour members to secure some material benefit for the miners, either directly from the moneys voted for the purchase of royalties or by extending the powers of the proposed Coal Commission, has been refused. The purchase money has been defined by Government spokesmen as arbitrated compensation and therefore as not available for pensions or miners' welfare. Nor will it be the Commission's function to engage in coal mining or even in searching and boring. The Bill has so far been preserved largely intact, and the House adjourns for Christmas, not to return until February 1st, with the feeling that, in this measure and the Air Raid Precautions Bill, two of the hardest nuts of the session have been cracked. So far, however, the Films Bill has not proved so susceptible to straightforward piloting, largely perhaps because Government steersmen have shown an odd willingness under pressure to take new bearings and to depart from any steady course. The Special Areas may prove to be a dangerous rock in the middle distance, if unemployment becomes worse, though the Commons debate on December 16th showed the Opposition to be very little better equipped than the Government to draft a positive and specific policy. At any rate, the shadows likely to cast most gloom over the Government's Christmas, apart from the standing dangers of foreign events, are those of the Budget and electricity supply. The Opposition has made no ground since October. The Government's strongest opponents, in fact, appear to be the vested interests on the one hand and the possibility of trade recession on the other.

The Commons Debate Foreign Affairs.—The debate in the House of Commons on Tuesday on the perennial subject of foreign affairs added very little to the information available to the public. The Government apparently consider that the present is not one of the times when "appalling frankness" is the best policy. But if the debate elicited few facts it did do something to define attitudes a little more clearly. The Government still keep the League of Nations on their banner, but they are becoming steadily more explicit in their confessions that they do not propose in present circumstances to implement the full theory of the League—namely, that Great Britain should play her part in maintaining peace

and the rule of law all over the world and rely, in her turn, on the collective strength of the League's members for her own safety. This policy, as preached by the Opposition, the Prime Minister condemns as likely to lead to war, and in its place he is pursuing a policy which on both sides is much narrower. Its objective is confined to the defence of British territory and its resources are also limited to British arms, aided by a close co-operation with France. The weakness of the official policy is that while deploring the weakness of the League it does nothing to restore its authority. This was the omission that was made good by Mr Winston Churchill in the most statesmanlike speech made on either side of the House. Mr Churchill sees clearly the vital point that the League of Nations is not, for Great Britain, a piece of quixotic generosity to other countries, on which we are forced to retrench in difficult times, but an essential guarantee of our own safety. The whole of our policy, whether in firmness or in concession, should therefore be directed to the reconstruction as soon as may be of a system in which there is an overwhelming preponderance of force behind the concept of international law and order.

Italian Propaganda.—Tuesday's debate showed varying feelings towards Germany, but an almost unanimous resentment against the methods pursued by Italy. At question time on the previous day, Mr Eden declared that His Majesty's Government were well aware of Italian propaganda in the Near and Middle East and that an improvement of relations between the two countries would be impossible so long as it continued. It is high time that the British Government began to take a firm line in this matter. Italian propaganda in the Arabic world has been notorious for some time past. It suits the Italian book to pretend that Signor Mussolini is, as he claims to be, the "Protector of Islam," and it may be that this patent falsehood takes in some of the more thoughtless Moslems of the Near East. But the real object of the propaganda is to make trouble for Britain and France and to further Italy's ambitions of expansion, the end of which would be the subjection of the Arab peoples to a domination beside which British or French rule would appear the mildest liberalism. The British authorities are already defending themselves against this flood of misrepresentation and mendacity by supplying their own broadcast news service in Arabic. But it is a question whether self-defence should not pass over into retaliation. Rome broadcasts in English; why

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should not London, or Malta, broadcast in Italian? Propaganda, after all, is a far more deadly weapon when it is used against people who are forcibly kept in ignorance.

* * *

Rent Restriction Report.—It is not always realised how much of the wartime system of rent restriction still remains. According to figures collected by the Inter-Departmental Committee (whose report, foreshadowed in *The Economist* last week, has now been published), there are still 5,190,000 controlled houses in Great Britain, as compared with 2,926,000 decontrolled houses and 3,569,000 "new" houses (i.e. those built since the war). The larger or Class A houses were decontrolled in 1933. Class B houses at present remain under control until there is a change of tenancy; Class C are under complete control. The main recommendation of the Committee is that a definite time-table should now be set for the ending of control in England and Wales (but not in Scotland, where the shortage of houses is still acute). The larger Class B houses are to be decontrolled immediately and the smaller Class B houses amalgamated with Class C to form a single controlled class. Control is to be removed from this class stage by stage, the speed of the process in any area depending upon the local shortage of houses, as shown by the overcrowding percentage. But in every case control is to be removed by 1950.

* * *

The Liberal and Labour members of the Committee dissent from this recommendation, the former in a reservation, the latter in a Minority Report. They argue that it is impossible to foresee the future accurately enough to lay down a time-table for a dozen years ahead and that, in any case, the absence of statutory overcrowding does not necessarily mean that the removal of control would not lead to a rise in rents. The whole problem is clearly of great practical difficulty. On the one hand, it is impossible to find any logical justification for the artificial lowering of the rents of some houses while others are left entirely uncontrolled. But on the other hand it is an undeniable fact that if decontrol means the raising of rents it will cause widespread hardship. There are dangers in a rigid time-table, but the absence of one may mean that control will drag on indefinitely. On the whole, the best solution would seem to be that suggested by the two Liberal members—namely, that control of the new consolidated Class C should be maintained for a further five years and the position then re-examined.

* * *

What Next in China?—The occupation of Nanking and the attacks on the British and American warships in the Yangtse mark the end of the first act of the tragedy that is being played in the Far East as a result of Japan's embarkation upon her vast military adventure. The original Japanese plan was that the tragedy should be a one-act play which was to end, at this point, in leaving Japan the sole remaining actor on the Far Eastern stage. Upon the fall of Nanking, Chiang Kai-shek was to have collapsed. He might be deposed from power by colleagues who believed the Japanese story that China's game was up, or he might anticipate deposition by resigning the independence of China into the Japanese Government's hands and lingering on as a Japanese puppet. But, in one way or the other, he was to be eliminated. The British and Americans, again, were to have evacuated China bag and baggage when the Japanese attacks on their warships faced them with the prospect of finding themselves implicated in hostilities with the Japanese armed forces. As it has turned out, however, none of these convenient exits from the stage has been opened. Mr Cordell Hull has announced that under present conditions there will be no withdrawal of American warships from Chinese waters. Our own Government are appointing a new Ambassador as a symbol of their determination to stay in China. As for President Chiang Kai-shek, he has announced his determination to fight it out; and he appears to have the power to do so. The blowing up of the Japanese mills at Tsingtao is

a gage of defiance, and at the same time a proof that for the present the Chinese no-surrender men have the upper hand over the defeatists. Meanwhile, the Japanese are speaking to China in two discordant voices. General Matsui talks of a pause in the military operations, in order to give President Chiang the time to make, after all, the exit which the Japanese have planned for him. With another voice Tokyo threatens fresh military advances into the vastness of the interior and sends warships and troopships to the neighbourhood of Hong Kong. Will the Japanese now overrun Shantung? And Canton? And the Upper Yangtse Basin? The Chinese hinterland is as spacious as the sky itself; and behind China stretches Russia. For a frost-bound Japanese expeditionary force it is a chilly prospect.

* * *

America and Japan.—American indignation over the "Panay" incident has not abated during the past week. Rather has it been increased by the gradual accumulation of details which tend to put the Japanese attack in an even less excusable light, by the delay of Tokyo in sending any reply to the American Note and by the attempts on the part of the Japanese military authorities at Shanghai to deny what is amply vouched for by eye-witnesses. It would be a mistake to think of the affair as changing the foreign policy of the United States; but it would be equally mistaken to overlook the fact that it is calling to the surface many emotions which have hitherto been latent in American opinion. One of the most striking manifestations of this fact is the letter sent to President Roosevelt by Mr Alfred Landon of Kansas, his opponent in last year's presidential election and the titular head of the Republican party. Mr Landon wrote to offer his full support to the President in his foreign policy, believing that "politics cease at the water's edge." He, a Republican and a Middle Westerner, went out of his way to oppose the proposed amendment to the Constitution which would take the power of declaring war out of the hands of Congress and confide it to a popular referendum; and he also rebuked those members of Congress who give the impression that America either will not or cannot fight in any circumstances. The President, in his reply, was even more specific, saying "throughout our long history we Americans have rejected every suggestion that ultimate security can be assured by closing our eyes to the fact that, whether we like it or not, we are part of a large world of other nations and peoples." Thus the Japanese are sedulously doing the work of all those who see in America's awakening to her position in the world the chief hope of countering Japanese, and all other, aggression.

* * *

A Congressional Defeat.—At the time when Mr Roosevelt's foreign policy is receiving notable evidence of wide support in American public opinion, his domestic prestige is sinking lower. The special session of Congress that he summoned in November has now adjourned without accomplishing most of the tasks he set it. On housing alone good progress has been made and if cheaper and easier finance can stimulate house-building, the way will be open early in the New Year. Each House of Congress has produced a Farm Bill and the task of accommodating these differing versions with the Administration's wishes proceeds in Committee. On the other hand, the Wages and Hours Bill, which is the major Administration measure of the session, has been buried again in Committee. It is opposed by a coalition of Republicans and Southern Democrats. The former dislike it because Business dislikes it, the latter because it would remove the advantages derived by the Southern States from their cheaper labour. But both these sections of opinion are increasingly hostile to the whole economic philosophy of the New Deal. They are the coalition that defeated the plan for the reform of the Supreme Court and they look like being a permanent Opposition, with control of Congress, as long as Mr Roosevelt stays in the White House. The prospect is uninviting for him, and Wall Street has marked the fact with an appreciable rise.

Civil Aviation.—After the heated controversies of the last few months about the efficiency and policy of Imperial Airways, the objective Report on the Progress of Civil Aviation in 1936, published on December 20th, is in the main refreshingly unprovocative. Special attention is given to the rapid development, in quantity and in quality, of the meteorological services provided for civil aircraft, and to the large increase in air mail from Great Britain. Some 341 tons of letters were carried in 1936, compared with 187 in 1935. A non-surcharged air-mail service to South Africa has now been in operation for six months, and when this system is extended to India, Burma, Malaya and Australia there will be, in all, 19 such services every week. Of the 42 accidents to registered aircraft causing death or serious injury in 1936, about half are stated to have been due to errors of judgment or faulty airmanship; and it is perhaps comforting to learn that none caused serious injury to persons on the ground. The Report says little about equipment or aircraft design. One comment is, however, important. The number of aircraft equipped with wireless increased by only 12 per cent. in 1936, and it is claimed in the Report that the employment of two-way wireless communication for the prevention of collisions has reached the limit of its effectiveness. "A directly operating anti-collision device is called for," and has not as yet been discovered. There will be some disappointment that the Report makes no authoritative statements about de-icing equipment and other problems of safety technique and design which have been publicly debated of late. Within its limits, however, the Report is an excellent record of progress achieved, which might have been greater but for the pre-occupation of aircraft designers and producers with military requirements.

* * *

Shipping and the Balance of Payments.—The exercise of judgment or guess-work in statistical matters belongs to the primitive and pioneering stages of numerical inquiry. Today, half a century after Giffen made his first reference to invisible exports before the Royal Statistical Society, rough and ready methods ought to have no place in the official assessment of Britain's balance of international payments. Five years ago an exact inquiry into Britain's total export of shipping services in 1931 revealed a total of £73,000,000. This differed scarcely at all from the estimate of the Board of Trade which, including an expenditure of some £9 or £10 millions by foreign ships in British ports, amounted to £80,000,000. This year, however, a further voluntary inquiry relating to 1936, undertaken by the Chamber of Shipping, shows a startling discrepancy between its provisional results and the Board's latest estimate. As Dr L. Isserlis pointed out to the Royal Statistical Society on December 10th, the final total of the net earnings of British shipping in 1936 is likely to be about the same as in 1931, namely, between £70 and £75 millions. The Board of Trade's estimate for the same year was £95 millions. The latter figure includes an unstated amount for the expenditure of foreign ships in British ports, but it is wildly improbable that these receipts have doubled since 1931. The presumption is that the official guess is too high, and like the official estimate of income from overseas investment, recently revealed as exaggerated by Sir Robert Kindersley, must apparently be revised downwards. It is disquieting, to say the least, that in a matter which so closely affects the public interest, guess-work, informed or otherwise, should have any place at all. There will be every sympathy for the Board of Trade's officials, who, in the absence of fuller opportunities for authoritative and independent investigation, are virtually compelled to fall back upon the unsatisfactory device of annually writing up—or down—the figures established, at some earlier date, by private inquirers. The figures of the British balance of payments have long ceased to be a statistician's hobby; they have become an essential part of the nation's commercial and financial equipment and even a deciding factor in the Government's policy on trade and fiscal matters. There is a strong case for the

setting up of a full-time bureau at the Board of Trade, charged with the duty of producing reports at least as detailed and accurate as those of the Commerce Department of the United States Government.

* * *

Ludendorff and Kellogg.—Death, the great satirist, seldom produces such a sardonic juxtaposition as this week, when successive days have brought the deaths of General von Ludendorff in Munich and Mr Frank B. Kellogg in Minneapolis. Ludendorff was not only one of the greatest generals of the age; he was also—what many great generals are not—a man of war. Not for him the apothegm of that other great strategist, Sherman, "War is Hell." On the contrary, war was to him a thing good in itself, and he even, in his old age, turned against Christianity because it was a creed of peace. Kellogg's name, on the other hand, stands to the world for an attachment to peace which was as idealistic, but made as little allowance for human psychology, as did Ludendorff's attachment to war. Both men died failures. Ludendorff could not persuade the man in the street to like war, and Kellogg could not persuade the men in the chancelleries to forswear it. Yet both men have their disciples. Most of the world would gladly follow the American lawyer in abandoning force as a means of settling international disputes. But in Ludendorff's country and in Italy and in Japan new doctrines are growing up which do not yet dare to assume the full pagan blood-thirst of war worship but clearly spring from the same notions that occupied the general's years of embittered retirement. Sooner or later the world will have to choose between Kellogg and Ludendorff.

* * *

M. Delbos's Tour.—M. Delbos is now back in Paris after a Central European tour which ended at Prague after having taken the French Foreign Minister through Berlin and Warsaw to Bucarest, Belgrade and Budapest. If we try to sum up the points of likeness and difference between the respective receptions with which M. Delbos met at Belgrade (which we chronicled last week) and later at Prague, we may put it that, while the Yugoslav public may not have been much less enthusiastic for its French guest than the Czechoslovak public has since shown itself to be, this unofficial enthusiasm was fully shared in Czechoslovakia by the Government. The point is important because M. Delbos's task in Prague had its delicate side. No doubt his efforts to improve relations between Czechoslovakia and Poland were as welcome in the former country as they were unpalatable in the latter. But asking the Poles to feel more kindly towards the Czechs must have been at any rate not quite so difficult for M. Delbos as his final task of asking the Czechs to behave more kindly towards the Sudeten Germans. Nevertheless, the French Foreign Minister did, it seems clear, make some tactful representations on this subject at Prague; and, with the Czechoslovak Government's concurrence, he also had interviews with several members of Herr Henlein's Sudeten German Party. The problem here broached is a difficult one in itself, quite apart from the strong feelings that are excited by it. For account has to be taken of two desiderata which may not easily be reconcilable. On the one hand, if Czechoslovakia is to have a prospect of

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obtaining British as well as French support—and it might be a question of either both or neither—in the event of an attack upon her by Germany, it is vital that she should have previously given evidence of having genuinely done her best to give her minorities a fair deal. On the other hand, if the Czechoslovak Republic is to make sure of putting up, against the German attack if it comes, the most effective military resistance in its power, it is essential for it to retain unimpaired military control over its frontier districts—and in Czechoslovakia frontier districts and minority districts are synonymous.

* * *

French Production Proposals.—The general lines of the Report of the Committee of Inquiry into Production in France, published on December 16th, were as expected. The Report points out that, whereas in Great Britain and Germany the production of 1929 has been exceeded by 25 and 20 per cent. respectively, in France output is still 20 per cent. below the level of eight years ago. This lag has seriously hampered the Government's efforts to restore the equilibrium of France's foreign trade and public accounts. The Committee recommend the elimination of waste in industrial organisation and technique; the provision of medium-term credits through the banks for industrialists and, especially, for exporters; and the modification of the forty-hour week in practice, while retaining the principle. In industries behind with production, certain basic industries, and industries concerned with national defence, the Committee advocate the working of overtime at appropriate rates of payment. The Report repudiates any suggestion that equipment of French industry is deficient in any serious respect, but recommends the speeding-up of replacements in farming, coal-mining, the metal trades, the silk industry and the mercantile marine. Markets at home should be developed by the reduction of costs, and markets abroad by the extension, through the State, of credit facilities. The gist of the proposals is a plea for improved organisation in trade and industry, and better co-operation between employers, employees and the State.

* * *

Teruel Captured.—The world has been waiting for many weeks for the much-threatened offensive in which General Franco was to employ against the main Government line the troops released by the successful conquest of the Asturias and the Basque Provinces. The offensive, predicted in turn for the north, the centre and the south, has never materialised. But while waiting the Government troops have carried out a very successful operation against the town of Teruel, which for many months has stabbed into their side at the point of a long rebel salient which came within eighty miles of the Mediterranean. The attack began, with all the suddenness of surprise, about December 15th. Teruel was cut off from the main insurgent territory and while the Government forces held off attempts to relieve it, they invested and attacked the town, which fell to them on the 21st. This is an important success. Teruel was a considerable danger to the Government, as it might at any time serve as the sally port for an advance to the Mediterranean which would divide Barcelona from Valencia and Madrid. But even more important than this strategic gain is the fact that, for almost the first time since the war began, the Government army has taken the initiative and pressed an attack to a successful conclusion. The long series of rebel successes has inevitably created the impression that the two sides in Spain are of unequal fighting capacity. The capture of Teruel will go some way to correct this impression.

* * *

Constitutional Crisis in Egypt.—In Egypt within the last few days the Crown and the Wafd have come into collision again. In part it is a familiar story, with

a mere substitution of the young King Farouk for the old King Fuad. The formal occasion of the conflict is one that has come up before. A constitutionally appointed Ministry, resting on a parliamentary majority which has been legitimately obtained in a general election, is introducing legislation which would have the effect of making it difficult, almost to the point of impossibility, for the Crown to put and keep in office a Prime Minister who did not enjoy the support of the Chamber and the country. The present King of Egypt is showing a disposition to oppose this move, as his father opposed it, not unsuccessfully, in his day. If the Cabinet will not yield, the King is credited with the intention of dismissing his Ministers and appointing a new Government, which would dissolve the Chamber and seek the support of the country. The situation in Egypt, however, is no longer what it was; for the change of person on the throne has been followed by a political change of greater moment. The successful conclusion of the Anglo-Egyptian treaty of last year has released Egyptian domestic politics from the former absorbing pre-occupation with the single dominating question of Egypt's relations with a particular foreign country. In the old days the British hold upon Egypt was supposed to tell in the Egyptian Crown's favour against the Wafd, for it was thought that Great Britain would be unwilling to countenance anything in the nature of a revolution in Egypt at the Crown's expense. But was the British factor really altogether prejudicial to the Wafd? After all, it was British intransigence that made the Wafd's fortune. It was as the champion of a supreme national interest of Egypt against a domineering foreign Power that the Wafd was able to put forward, and largely to make good, its claim to be no ordinary domestic party but a Pan-Egyptian patriotic movement with a moral title to the allegiance of every son and daughter of the land of Misr. It remains to be seen what will be the future of the Wafd now that its British *raison d'être* has disappeared from the Egyptian political stage.

* * *

Purge Unending.—The new Russian "democracy" has been baptised in blood. It has now been announced that four days after the elections eight high officials were shot. They included Karakhan, a former Vice-Commissar for Foreign Affairs and Ambassador to Turkey, Yenukidze, former Secretary of the Central Executive Committee, Orakhelashvili, former Prime Minister of Transcaucasia, and five others of only slightly less exalted rank. Karakhan and Yenukidze were executed without any recorded trial, secret or otherwise. With each batch of executions there is a fresh period between the issue of the approved list of unopposed candidates for the election and the election itself, thirty-seven of them had to be removed. This substitution, it appears, violates the letter of the new Constitution as much as the refusal to allow any opposition violates its spirit. It seems probable that a large part of the reason for the elaborately stage-managed peoples of the West. If so it is strange that the rulers of Soviet Russia attach no importance to the intense horror and disgust that fill even many who would most like to be their friends at the steady continuance of this brutal blood-bath. Any attempt to understand or explain it has long since been abandoned. A treasonable plot, if it ever existed, cannot possibly have been so widespread. The only rational conclusion is that Stalin, like some demented Oriental tyrant, is butchering all but the most prius dementat. By making the Nazis look like angels of mercy, Stalin is doing more harm to his cause than any of his enemies.

* * *

Voluntary Co-operation in Shipping.—The end of 1937 will see the final winding-up of the schemes inaugurated in 1934 to alleviate the distressed state of British shipping. Early this year, the "scrap and

build" programme was abandoned for lack of scrap tonnage; and on December 31st the subsidy to tramp shipping in relief of freights, extended for a further period by the Merchant Shipping (Continuance of Subsidy) Act of this year, will automatically come to an end. No subsidy will be paid in respect of 1937 since, despite the steep decline in freight rates in October and November, freights have run considerably above the average of 1929, the normative figure for purposes of relief. Though the subsidy will cease to be available, the tramp shipping industry will not enter unprotected and unguarded upon a falling market. In anticipation of its own demise with the end of the subsidy, the Tramp Shipping Administrative Committee made proposals in September last for the collaboration of tramp ship-owners under the more exposed conditions of 1938. Their recommendations for voluntary co-operation in the maintenance of minimum rates, in the limitation of the amount of shipping going to particular ports, and in the observance of specified wages and conditions of work were, broadly, accepted by the industry in October.

* * *

This autonomous creation of control over British shipping has now been placed on a wider base and made correspondingly more effective. At a meeting of the International Shipping Conference on December 17th, the representatives of twelve countries, met to consider the possibilities of maintaining the world co-operation instituted in 1935 (concurrently with the British subsidy), approved the British scheme of voluntary co-operation for international application. Co-operation to be effective must assuredly be international; and on that ground the new agreement is welcome. Similarly, any scheme designed to obviate the waste and chaos of cut-throat competition on the high seas, and to maintain reasonable standards of profit and remuneration, in the face of disturbed world conditions and falling commodity prices, cannot, in general, be adversely criticised. Nevertheless, the consumer's interest is no less important than the producer's; and a quasi-monopoly of this kind, unless wisely and generously exercised, is dangerous. It is, in any case, doubtful whether this agreement, in either its national or still more, its international aspect, would be able fully to withstand the pressure of adverse circumstances if bad times were ever to return.

* * *

Outlook for Building.—For many months investors and business forecasters have been discounting a substantial decline in building activity. These anticipations have not yet materialised and, in fact, new high records of employment have recently been achieved by the industry. With the publication this week of the November building plan figures, however, fears of a coming slump in building have increased. How are the industry's prospects to be assessed? The aggregate value of the plans approved by 146 local authorities since the end of March is some 10 per cent. below last year's corresponding total—and the reduction in November was 14 per cent.; this is clearly a serious bear point. A further unfavourable factor is the movement of costs. Structural steel prices have been stabilised at a high level, cement has just been advanced by 3s. per ton, and the rise in the cost of living is sufficient to justify a further increase in wages under the industry's sliding scale next February. Thus, while timber prices may decline, the general level of costs is likely to be higher next year than this. On the other side of the picture, it must be remembered that the Ministry of Labour's plan figures do not tell the whole story. Assuming that they constitute a fair sample of plans passed for private work, they still exclude Government contracts. There is reason to believe that Government work will continue to increase at least in the early months of 1938, though he would be a bold prophet who held that this increase will be sufficient to offset for any length of time the inevitable decline in private work. The conclusion seems to be that a gradual decline in total building may be expected next year. Naturally,

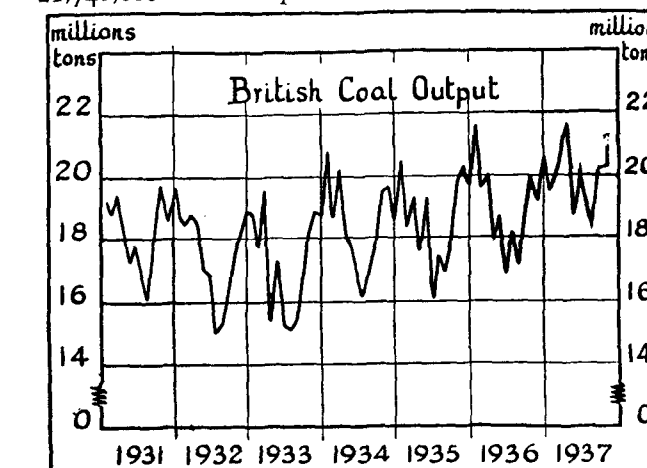
however, a Government decision to embark upon a public works policy—as has been urged by the Building Industries National Council—or to accelerate slum clearance, would greatly improve the outlook.

* * *

Changes in Employment.—The December issue of the *Ministry of Labour Gazette* contains an analysis of changes in the number of insured persons employed between 1936 and 1937, by industries and geographical areas. For example, the greatest proportionate increase in employment was in Wales, where the number of insured persons employed last June was 13.0 per cent. greater than a year earlier. Coal-mining, which was largely responsible for the improvement in Wales, gained more in employment than any other single industry. In general, the increase in employment was more marked in the metal trades than in the consumption goods industries. For example, engineering, motor vehicle, cycle and aircraft manufacture, the electrical, iron and steel and other metal trades, and shipbuilding and repairing were responsible for about one-third of the total increase of 670,000 in the number employed between June, 1936 and 1937. We hope to publish an extended discussion of these figures shortly.

* * *

Increased Output of Coal.—The production of coal in November was higher than in any month of 1937 except April. Output rose from 20,372,000 tons in October to 21,207,000 tons in November, compared with 21,740,000 tons in April:—



These results square, as expected, with the excellent record of employment in coal mines in November (recorded in a Note in *The Economist* on December 11th on page 524), and bring output considerably above that of a year ago, when the November figure was 19,211,000 tons. As recorded in the Trade Supplement published with this issue, cold weather and the approach of Christmas caused improvement in the demand for house coal.

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and demand for industrial grades was strong. The industry as a whole is experiencing the usual seasonal fillip, but, while the general outlook is fairly promising, a decline in export business in November, compared with the previous month, was a disturbing factor.

Divergent News from Industry.—The approach of Christmas has brought a lull in business activity. For example, transactions in iron and steel have shown a decline, though the pressure for the delivery of materials remained fairly strong. The coal industry has benefited from the cold spell, and collieries have been working hard to raise as much fuel as possible before the holidays. Thus, the output of coal rose from 5,090,700 tons during the week ended December 7th to 5,134,300 tons during the following week, against 4,944,800 tons during the corresponding period a year ago. The November returns of the value of building plans passed by 146 local authorities are disappointing in that they show a reduction of 14 per cent. on the corresponding month in 1936. An important event of the past week was the decision of Courtaulds to raise rayon yarn prices by ½d. to 3½d. per lb., according to quality. This step marks a significant change of the policy of the biggest producer in this country whose aim hitherto has been to cut prices as much as possible in order to retain its ascendancy in the industry. The improvement in the wool textile trade has been sustained so far by the firm trend of raw wool prices. New business in other goods has also shown expansion as a result of the rise in raw cotton prices. Recent developments in the various branches of activity are discussed in greater detail in the *Trade Supplement* published with this issue of *The Economist*.

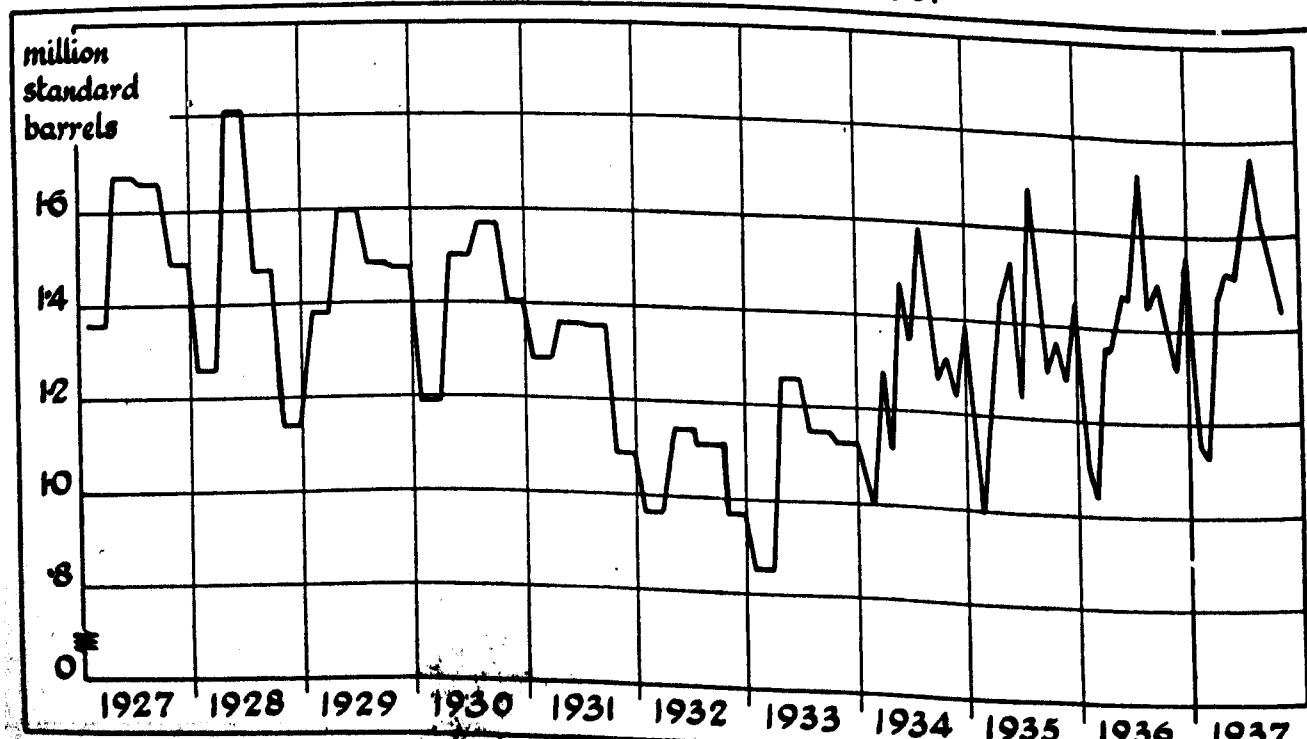
Trend of Beer Production.—The accompanying diagram shows the trend of beer production in this country during the past ten years. As monthly figures are not available prior to 1934, monthly averages of quarterly returns have been used for 1927-33. Since the war beer consumption in this country has shown a secular downward trend. During the depression the fall in consumption was hastened by the growth of unemployment and the increase of the beer duty by Lord (then Mr) Snowden. Stimulated by Mr Chamberlain's revision of the duty and general recovery, beer consumption took an upward turn in 1933 and, rather surprisingly, production during the first ten months of 1937 was almost as high as during the corresponding period of 1929. But if allowances be made for the in-

crease in the population during the past eight years, consumption per head remains below the pre-depression level.

India's Oversea Trade.—That India's overseas trade still bears the scars of the unprecedented fall in the prices of primary commodities which started in 1929 is made clear by the official Review which has just been issued. The total value of India's exports during 1936-37 amounted to Rs. 1,96 crores (one crore equals £750,000) which was Rs. 36 crores more than in 1935-36 and Rs. 64 crores above the lowest point reached in 1932-33. As compared with 1928-29, the pre-depression year, exports in 1936-37 still showed a deficit of Rs. 1,34 crores, or 41 per cent. This "enormous shrinkage is due almost entirely to the decline in prices of exported articles," and "the quantum of exports was in all probability slightly higher than that in 1928-29." The resulting decline in purchasing power has had the inevitable sequel. Imports into India were valued at Rs. 1,25 crores in 1936-37, as compared with Rs. 1,34 crores in 1935-36 and Rs. 1,15 crores in 1933-34, the lowest figure recorded during the depression period. Since 1928-29, when imports were valued at Rs. 2,53 crores, the fall in terms of the latest figure has been no less than 51 per cent.

Only a part of the shrinkage is, however, due to the decline in prices; for, compared with 1928-29, the decrease in import prices in 1936-37 was only about 35 per cent. Part of the reduction is a reflection of the expansion of local industries. Sugar production more than trebled between 1928-29 and 1936-37. The purchase of cotton piece-goods was nearly doubled. The output of cement rose by 80 per cent., of steel by 70 per cent., and of paper by 25 per cent. These examples are illustrative rather than exhaustive. Gold shipments, which touched Rs. 66 crores in 1932-33, totalled only Rs. 28 crores in 1936-37, but a revival of imports of silver occurred last year, of the order of Rs. 14 crores. As a result of the latter reversion to bullion purchases, the net balance of transactions in treasure in favour of India was only Rs. 14 crores in 1936-37, against Rs. 36 crores in the preceding year and Rs. 65 crores in 1932-33. In 1928-29 India's net balance in treasure was "adverse" to the extent of Rs. 34 crores. The total balance of trade in favour of India, which amounted in 1936-37 to Rs. 92 crores, was exceeded only in 1933-34, when gold exports were very considerable.

BRITISH BEER PRODUCTION, 1927-37



Overseas Correspondence

From Our Special Correspondents

United States

Explanations of Recession

NEW YORK, December 14.—As the latest general data refer to October, one cannot say positively what the current level of business activity is. Estimates have computed it as about 25 per cent. below the level of August. Early December found the rate of activity, at least as measured by steel production, still descending. Such a contraction has caused a great deal of unemployment, but it has shown itself more in part-time employment.

Meanwhile, the security markets have become more tranquil. Common shares and gilt-edged bonds have been firm, or better, for some two weeks; and commodities, while sluggish, have also been steady for about the same length of time. Even the new issue market perked up a little last week; a small corporate issue and several municipal issues were offered. In Wall Street, the general mood is to look forward rather than backward; but as this mood is emotional it is not very enlightening.

No very satisfactory explanation has yet been formulated for the autumn débâcle, although a variety of more or less plausible reasons have been given. Among these are the views that it is a mere correction of over-buying in last winter's sellers' market; that it is a paralysis of industry by the operation of the Labour Relations Act; that it is caused by dislocations within the domestic price structure; that it is the consequence of the deflationary policy of the Reserve system in increasing reserve requirements and sterilising gold; that it is caused by the incidence of taxation; that it is the consequence of the collapse of the new issue market; that it was brought about by the reduction in the Federal spending programme; that it is the result of too much regulation in the security market; that it represents a great conspiracy by "economic royalists" to discredit the Administration; and, alternatively, that it represents a great conspiracy in Washington to discredit capitalistic enterprise. Some of these explanations seem fantastic, but not one of them has not been put forward by important people. A few of the points raised are worthy of closer examination.

There was a sellers' market last winter—no more pronounced in this country than in England, but important. This sellers' market lifted primary commodity prices, and, when it passed, they came down hard. Under the combined influences of the sellers' market and the pressure of labour organisations, wages were increased with the expectation that the consumer would carry the higher costs. This did not happen; in residential building, in motor cars, and in consumer lines generally, the public has not taken the higher-priced goods in quantity.

Unsatisfactory Labour Relations

From the end of the textile strike in late 1934 to the great maritime strike in late 1936, there was no important labour dispute. The demand for labour increased, and with the increased demand wages rose. Beginning with the maritime strike at the end of 1936, and continuing with the motor and steel strikes in the first half of 1937, there was half a year of general industrial disputes on a grand scale. There have been fewer in the latter half of the year; but, by and large, the whole of 1937 has been marked by bad labour relations in almost every industry—even when there has been no strike. There was no railroad strike; but there was an increase in railway wages, which, even if there had been no slump in traffic, would have rendered precarious the already

insecure position of many lines. At the present moment no great strike is in progress; but there are innumerable minor strikes; and the year is ending with relations between labour and industry anything but good. Whether or not the present Labour Relations Act is responsible, the fact remains that these relations have been bad since its passage.

As to the "deflationary" policy of the Reserve Board, the data show (for the Reporting Member Banks) a decline in total loans and investments of \$1,100 millions between December 9, 1936, and December 8, 1937; and a decline in deposits of \$780 millions—each decline of about 5 per cent., after a long period of "reflation." The total of loans, investments and deposits is still about the same as in 1929, when prices and activity were much higher.

Most of the contraction fell on New York City, where the Banks have since late spring been under intermittent pressure, owing to a continuous loss of reserves to the interior. It would appear that New York City has an unfavourable balance of payments with the interior. In spite of the fact that during the year the Reserve authorities put over \$400 millions of reserves into the New York City banks (over \$100 millions by open-market operations, and \$300 millions by gold sterilisation) these banks had only \$2,451 millions of reserves on December 8, 1937, against \$2,486 on December 9, 1936. The absence of a money market in New York throws the burden of such adjustments on the reserves of the New York banks, and their only mechanism of adjustment is their portfolio of Government securities; they sold about \$700 millions net between the dates named.

Taxation and Risk Bearing

The taxation principally blamed for the recession is the undistributed profits tax on corporations. This tax is now recognised as bearing heavily on small, growing or weakly-financed corporations, and some modification is expected in January. The tax had no distinguishable effect on large or strong corporations. One of its objectives was to prevent self-financing by corporations, and oblige them to seek the regulated issue market.

The issue market during the year was disappointing. There was a strong, close and persistent demand for Government and other tax-exempt securities; a small demand for gilt-edged senior corporate issues of the highest quality; and a weak market for equity capital, which finally collapsed. It is impossible to dissociate our capital market from our fiscal system. The latter dominates the former. Pure rentier capital is wholly or partially exempt from taxation; risk-bearing capital is heavily taxed, and certain types, subject to both the capital gains tax and the surtax, are rapidly being eliminated from the American economy.



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France

M. Bonnet Upheld

PARIS, December 22.—The voting of the Budget was marked by two attacks on the financial policy of M. Bonnet. The Left Socialists recommended exchange control. And M. Reynaud declared that the sums to be borrowed in 1938 by the State and the public undertakings would exceed the figure of 28,000 million francs estimated by the Minister of Finances, because the estimates of receipts and expenditure would prove to be too optimistic. So long as there is no financial crisis, and capital returns, proposals for exchange control are purely academic: both the Right and the Government are opposed to it.

M. Bonnet was applauded by the Chamber. Actually he and M. Reynaud were defending, in effect, the same cause, that is, the view that balancing the Budget is largely a problem of increasing production. The Government has just published the conclusions of the Commission of Inquiry into Industrial Production. The Report first makes a series of observations about the weakness of the French economy. Its recommendations on this head, however, calling for rationalisation, better quality and lower costs, in so far as they are not already commonplace, are not very significant.

The main point of the Report is the conclusion that, if the principle of the forty-hour week is to be maintained, an extension of hours must be accorded to certain industries: those of a seasonal nature, with fluctuating periods of activity, those short of specialised labour, those manufacturing capital equipment and those engaged in armament work. The Report declares that the representatives of both the employers and the workers were agreed about the necessity of maintaining the New Deal, in principle at any rate. It remains to be seen what decisions will follow the Report and what effect they will have on production. The Finance Minister must restore the balance between trade and production, and loans and taxation, but his lot is hard. If he condemns destructive and pessimistic critics like MM. Reynaud and Flandin, and lays stress upon the fundamental soundness of the French position, he will find himself faced with new demands for concessions from the Left, convinced that he must be able to afford them.

Further Rise in Import Surplus

There was a fresh increase in imports in November in both value and volume. Exports, which had advanced in October and September, remained nearly stationary; exports of raw materials declined 5 per cent., while exports of manufactured goods rose 5 per cent.

	October, 1937	November, 1937
. Francs ('000 omitted)		
Imports:—		
Foodstuffs	957,115	1,010,280
Raw materials	2,208,900	2,337,648
Manufactured goods	553,793	583,197
Totals	3,719,808	3,931,126
Exports:—		
Foodstuffs	342,551	351,848
Raw materials	844,623	801,272
Manufactured goods	1,177,578	1,228,856
Totals	2,364,752	2,381,976
Import surplus	1,355,056	1,549,150

The surplus of imports, which had shown a slight decline after the peak of 1,700 million francs in June, increased again in November to 1,500 million francs. This was partly due to heavy imports of coal, which amounted to 2,400,000 tons to the value of 500 million francs. The surplus for the first eleven months of 1937 was valued at 15,400 million francs against 7,749 million francs in the same months of 1936. It will be about 17,000 million francs for the whole year, and the estimated deficit in the balance of payments amounts to between 5,000 and 6,000 million francs. The chronic

surplus affects both the Government and private industry. The Under-Secretary of State for Mines emphasises that the imports of fuel and power will reach 9,000 million francs in value before the end of the year, made up of 30 million tons of coal, 3 million tons of oil and 400 million kilowatt-hours of electricity.

The automobile industry, on the other hand, claims in its annual reports that France—with 200,000 cars—is now third among European producers after Great Britain (461,000 cars) and Germany (301,000). In 1931, France was first. But the wages bill has increased by 70 per cent. during the last eighteen months and the cost of raw materials by 40 per cent.; while selling prices have been raised by no more than 30 per cent. And even so, 60 per cent. of customers bought second-hand cars. For the week ended December 11th, unemployment was 345,096 against 337,983 in the preceding week and 408,453 in the corresponding week of 1936.

Germany

New Consolidation Loan

BERLIN, December 21.—Conjectures about the terms of the new Reich consolidation loan dominated the Bourse last week. They were actually published on December 18th, and the new loan will rank as the first of 1938. The current year witnessed three such Reich flotations of Rm. 700 millions, Rm. 800 millions, and Rm. 850 millions (in August), all in the form of 4½ per cent. middle-term Treasury Certificates. Of the total of Rm. 2,350 millions, Rm. 2,050 millions were publicly subscribed, and Rm. 300 millions were taken in advance by bank syndicates under the leadership of the Reichsbank. The loans were oversubscribed.

The conditions for a new loan are considered to be favourable. Apart from seasonal fluctuations money is abundant. One sign is the sharp increase in November of the Gold Discount Bank's circulation of promissory notes. Savings deposits have risen. Owing to the restriction of private bond and share issues, there is a shortage of securities on the Bourse. For months, on and off, mortgage bonds have been rationed to buyers. There is also a shortage of company shares; and to this may perhaps be attributed the insignificance of the recent decline in quotations, compared with the sharp drops on some foreign stock exchanges. Shares, though they have reacted a little, still stand well above the level of early 1937. Bonds rose without any mentionable break throughout the year. The index of quotations for mortgage bonds now stands at 100; for public loans at 99.28; and for bonds in general at 99.68, which is 3.32 per cent. higher than at the end of 1936. Although a slightly more liberal policy has of late been pursued towards private capital issues to further Four-Year Plan enterprises, the total of private industrial bonds this year to date is only Rm. 301 millions, and of shares only Rm. 304 millions, which is even less than in 1936. Public middle-term borrowing may therefore be said to have monopolised the capital market.

Except for its larger amount and its longer duration, the new loan is identical with that of August. It consists of Rm. 1,000 millions in 4½ per cent. Treasury Certificates, issued at 98½. The loan is repayable in six equal instalments in the years 1951-56, and the Reich reserves the right to redeem it wholly or in part after five years. The yield is calculated at 4.61 per cent., against the 4.63 per cent. of the August issue. Of the total Rm. 1,000 millions, some Rm. 250 millions have already been taken by a bank syndicate; and the remaining Rm. 750 millions will be offered for public subscription between January 3rd and 18th. Payments will be made in instalments between January 26th and March 8th. The loan is the largest so far floated. The desire to progress gradually from middle-term loans (which is what these Treasury Certificates really are) towards genuine long-

term loans has been shown in all recent Reich flotations. The average maturity term of the first issue of 1937 was nine years, of the second and third issues twelve years, and of the new issue it is fifteen years. The new loan is bound to be a success: January is always a month of plentiful cash.

The State of Public Debt

The consolidation loans issued since the beginning of 1935 will now total some Rm. 8,000 millions. As the following comparative table of Reich debt shows, the effect of the consolidation policy has been to increase the debt classed as "long and middle term." The small (returned) short-term debt remains stable. But the consolidation loans were not issued in order to get rid of this petty short-term liability, but in order to fund part of the great (and unreturned) debt for armaments and public works. The total of these is still unknown:—

	(Thousands of Marks)	Dec. 31, 1934	Oct. 31, 1937
I. Old valorised debt		3,335.5	2,896.0
II. Other old debt incurred before April 1st, 1924		597.5	583.2
III. New debt (after April 1st, 1924)		7,767.0	14,094.8
Thereof: Foreign		1,809.9	1,362.3
Home long & middle term		3,684.4	10,335.8
Home short term		2,272.7	2,396.7
Total		11,700.0	17,574.0

Christmas retail trade is reported to be good. The supply of semi-necessaries from abroad is irregular, and some goods in this class are not to be had at all. In general, however, foreign luxury goods are abundant, but at prices usually three or four times the foreign prices.

The railway system is heavily taxed by the carriage of materials for motor-road construction, other public works and Four-Year Plan undertakings. Difficulty has been experienced in moving part of the crops. At the height of the autumn traffic the Reich Railway Company was short of 100 to 120 thousand goods wagons. Next year improvement is expected; and the new Mittelland Canal between the Western and Elbe water systems will prove a substantial help.

The General Staff officer, Colonel Loeb, who is director of the "Office for German Raw and Shop Materials" has given an optimistic account of the Four-Year Plan, emphasising the superiority of some synthetic over natural products. The progress of the execution of the Plan, said Colonel Loeb, is not determined by the supply of primary materials for the artificial "raw materials," but by the supply of labour. Labour is also the determining factor for the development of native natural materials. Colonel Loeb mentioned that in Silesia alone there are 4,000,000 tons of copper, which would meet the German demand for ten to fifteen years. But the great quantity of labour needed to exploit ore in such low degree of concentration is not available. Industry is not pleased by the continual official statements or hints that it must provide capital out of its current profits for virtually compulsory Four-Year Plan undertakings. The Ruhr Chemie Company mentions this as a reason for passing its dividend.

Declining Export Surplus

Foreign trade in November underwent a slight seasonal decline: and the export surplus, as in all recent months, was lower than in the same month of 1936. The record is in general satisfactory. The decline in imports of materials is, taken by itself, not a good sign; but these fell off towards the close of last year as well. The stability of manufactured exports compared with October is a favourable sign; and still more favourable is the increase in exports of goods classed as "finally manufactured." The terms of trade must also be considered to have improved: whereas the average import price fell, the average export price rose, and this points to a recovery in the world prices of the manufactures which constitute four-fifths of all German exports. The export surplus in eleven months of 1937 was Rm. 420 millions, against

Rm. 460 millions in the same months of 1936. The whole year's export surplus is likely to be well below Rm. 500 millions, compared with Rm. 550 millions last year. As exports were much higher in every month than in 1936, the decline in the surplus is wholly due to the rise in imports. As imports are officially rationed, the balance may be said to be determined by the Government.

Denmark

Constitutional Reform

COPENHAGEN, December 15.—Information about the contemplated changes in the Constitution was recently given by the Prime Minister. The voting age will be lowered to twenty-one years; the Landsting (the second chamber) will be abolished and in its stead a permanent Commission to consider the technical, administrative and legal aspects of Bills will be appointed, and definite provisions for referendums will be introduced.

A trade agreement for 1938 between Denmark and Germany was entered into on November 22nd. Danish exports to Germany will depend on Denmark's purchases from Germany during the previous quarter. The subjoined figures give an idea of what Denmark expects as regards exports to Germany in 1938:—

Butter (tons)	41,500
Cheese (tons)	4,700
Eggs (tons)	27,000
Cattle (heads)	146,000
Pigs (number of)	170,000
Horses (number of)	7,900

These estimated exports are calculated on the basis of 1937 prices. If prices rise the quantities will be proportionately reduced and vice versa.

The Commission to inquire into the problem of population has published its second report. It arrives at a conclusion similar to that already deduced in other countries, namely, that people do not want children owing to the financial burdens involved. Fewer children mean a higher standard of living to each individual member of the family. Small families can afford, *inter alia*, the rent asked for modern flats, while the large families who most need such flats and conveniences cannot afford to pay the rents. The Commission therefore recommends the shifting of financial burdens from the shoulders of parents with many children. The Commission urges the need for action, since a continuation of the present trend will mean a decreasing population from 1970 at the latest, with a consequent decline in wealth and a fall in the standard of living of the whole community.

Exchange Control Discussions

Negotiations about the new Exchange Control Act are still going on. The Government, possessing a majority in both houses of the Rigsdag, is very reluctant to concede in any way the wish of trade and industry that the new Act should be the first step towards a liquidation of import control. Although a certain increase in the "free import list" is foreshadowed, the impression is still left that the Government would like to use the exchange control office as a tool of its socialist policy. Yet the present foreign exchange position suggests that there is some ground for slackening the import restrictions. The improvement in the shipping trade and the better prices obtained for Danish agricultural exports have between them entirely reversed the

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foreign exchange position compared with the situation a year ago. The present net holdings of foreign exchange by the Nationalbank amount to about 38 million kroner, and it is expected that 50 million kroner will be obtained before the end of the year. The private banks are in a similar position.

The immediate outlook for industry is not quite so encouraging as it was a few months ago. With 24.3 per cent. of organised workers out of work at the end of November the unemployment situation can hardly be characterised as satisfactory. Some increase in unemployment is due to normal seasonal fluctuations as, for instance, in the building trades, but the number of unemployed is greater than last year and has been so for some months, and further growth of unemployment will no doubt occur during the forthcoming winter months.

Canada

Provincial Finance

OTTAWA, December 10.—The Royal Commission on Dominion and provincial relations began its public hearings at Winnipeg on November 29th. Statements were submitted on behalf of the province of Manitoba. It was argued that the experience of the last five years, during which the Western provinces only averted bankruptcy by becoming indebted to the Federal Treasury to the amount of 127 million dollars, had demonstrated the inadequacy of the present financial arrangements of the Confederation. It was also contended that a primary cause of the breakdown was fiscal protection, which had not enhanced the income of the two industrialised provinces of Ontario and Quebec, but had also contributed to the impoverishment of the Western provinces.

The Federal income-tax returns for 1935-36 were cited to show that, in Manitoba, whose population was roughly one-fifth that of Ontario, 12,742 persons had paid a total of \$1,043,179 in income tax, compared with 91,983 persons in Ontario paying a total sum of \$16,806,390, or sixteen times as much. It was proposed that, in return for a surrender of the provincial right to collect death duties and of the annual provincial subsidies now paid by the Federal Treasury, the provincial Governments should be completely relieved of the cost of unemployment relief and insurance, of old-age pensions and of a substantial part of their present debt burdens. The cost of other vital services, such as technical education, highway construction and maintenance, mothers' allowances and certain public health services, should be shared on an equal basis between the Dominion and the provinces. Premier Bracken also committed his Ministry to support a merger of the three prairie provinces under a single administration. The gist of the Manitoban proposal is that the older and wealthier provinces should consent to a redistribution of their share of the national wealth for the benefit of the younger and poorer provinces. In reply, it is being pointed out that the proposed additional burden on the Federal Treasury would be at least 150 million dollars annually, while the off-setting yield from death duties would in most years be less than a fifth of that sum.

Mr Hepburn has evidently decided that he must alter his policy in relation to the Quebec power companies, and negotiations are afoot for a fresh contract with the Beauharnois Corporation, whose original contract with the Hydro-Electric Commission of Ontario was arbitrarily cancelled some years ago. He has called a special session of the Ontario Legislature and introduced some curious measures designed to frustrate the efforts of lawyers to block his attempts to collect succession duties from estates alleged to have defrauded the provincial Treasury.

Business Caution

Winter has now definitely made its appearance in most parts of Canada, but so far there has been comparatively little snow in the Central provinces. The

business community is adjusting itself to winter conditions, but shows a cautious hesitancy, animated more by unsettled conditions in the United States than by actually adverse domestic factors. The general business index of the Bureau of Statistics shows a tendency to sharp fluctuations week by week, as the data given below show:—

Week ending	Car-loadings	Wholesale Prices	Bank Clearings	General Index
Nov. 28-'36.....	75.0	77.2	94.4	112.9
" 13-'37.....	72.3	83.5	81.4	103.5
" 20-'37.....	72.6	83.5	90.6	105.1
" 27-'37.....	71.1	82.6	87.0	103.6

The general index for the last week of November was 9.3 points below the level of the corresponding week of 1936. Both wholesalers and retailers are trying to work off inventories at prevailing prices, and for the time being are buying ahead only on a hand-to-mouth basis. Although there appears to be a normal demand for staple goods, there has been a marked curtailment of the purchases of luxury goods, and rosy anticipations about Christmas trade are being modified.

The latest employment bulletin of the Bureau of Statistics up to November 1st shows a recession of employment in October; but this was rather less than the average seasonal decline for this month. The Bureau's employment index on November 1st stood at 125.2, compared with 125.7 on October 1st and 110 and 107.7 on November 1, 1936 and 1935, respectively. The lumber industry has made plans for a smaller cut in the woods this winter, planning a decrease in New Brunswick of as much as 50 per cent. The outlook for the newsprint industry, however, has been improved by the announcement by the leading companies that the basic price of \$50 per ton will be maintained for the second half of 1938. The mining industry continues to show great activity, but declines in the prices of base metals promise to affect adversely the profits of producers.

Turkey

Ataturk's Programme

ISTANBUL, December 12.—The programme of the new Cabinet was outlined in Ataturk's yearly message to the Great National Assembly. The President, who has personal experience of modern farming, is devoting his energies to the development of agriculture and the marketing of agricultural produce. He is particularly intent upon making every peasant the owner of enough ground for him and his family to live upon, the extent of such holdings to vary according to their fertility and the density of the population. The peasant is to possess ploughs and draught cattle—horses rather than oxen—while threshers shall be placed at his disposal by villages or unions of villages. The fleet is to be considerably increased, largely by domestic shipbuilding; and a number of taxes are to be reduced. Mr Muammer Erish, general manager of the Ish Bankasi, has been entrusted by Ataturk with the task of submitting a report on the importance of easy credit facilities in the development of business in Turkey, on the means of distributing such credits, and, generally, on the measures to be taken to raise the level of Turkey's economic life.

Trade Negotiations with America

Negotiations are being conducted with the United States for the conclusion of a trade agreement. The United States is one of the four countries—the others being Egypt, Syria and Palestine—exports from which into Turkey are paid for in free foreign exchange without any restriction, on the understanding that they buy from Turkey more goods than they sell to her. Now, the advance in German prices, on the one hand, and the clumsy working of clearing accounts, on the other, have increased the sales of American materials. As a result, at the end of September the balance of payments showed

an excess of American sales over American purchases amounting to \$4 millions. The Turks did not suspend payments in foreign exchanges, as was feared, but waited for the usual American tobacco purchases, which are already modifying the situation in favour of Turkey. It is anticipated that, in the proposed extension of Turco-American business, certain Turkish staples will be granted preferential treatment, thus ensuring a greater volume of Turkish export to the U.S.A.

If these negotiations succeed, Turkey will escape from some of the disabilities which are inherent in her depend-

ence on Germany as her principal customer. If only cash—not long-term—business is considered, Germany still owes Turkey 40 million marks, which means long delay in payments for Turkish goods sold to Germany on a cash basis. The 12 per cent. difference in excess of world prices, which the Germans agree to pay as a compensation for the loss of interest, does not attract Turkish exporters, so that any arrangement with other countries, establishing something like normal trade relations, would be greatly welcomed by the trading community in this country.

Letters to the Editor

Gold and Currencies

TO THE EDITOR OF THE ECONOMIST

SIR,—It is amusing to observe developments in public opinion regarding economic questions. Eighteen months ago everybody in the U.S.A. and Great Britain said the whole trouble of world economy was the existence of the so-called gold bloc, and that the golden age of prosperity would be restored if and when the gold bloc devalued. Well, the gold bloc did devalue; prosperity and a not quite healthy boom followed.

Then, early this year, it was discovered that recovery went too fast, and commodity and security prices rose too quickly. One of the reasons given was that "gold was too high in terms of currencies." Though talks of "too high" were confined at that time to dollars, Swedish crowns and were seemed no doubt that the price of gold was sterling, there seemed no doubt that the price of gold was also too high in relation to one of the currencies recently devalued, viz. guilders. It was not quite clear how a currency which was over-valued in relation to gold until October, 1936, became undervalued in relation to gold in May, 1937.

The so-called "Gold scare" is now a thing of the past. But he would be a bold man who declared that the conditions which brought it about were unlikely ever to recur in the future. What were the main causes of the events which it symbolised?

I think the main factor behind all these disturbing developments was a political or psychological one. Money went to those countries where it was believed to be safe. Mass fear of European disturbances drove money from Europe to the U.S.A. Naturally it took the form of gold exports to the U.S.A. Anxious to avoid a gold inflation, the U.S.A. had to sterilize the gold, which costs the Treasury a lot of money. It is seldom noticed that the same effect of sterilizing the gold could have been reached without cost to the Treasury by increasing the legal cash-reserves of the banks hand in hand with the gold imports; this would not have been unfair, generally, to the banks as they pay no interest on the deposits resulting from the gold influx; but it would have necessitated a more agile and discriminating reserve policy, as only the big banks in New York, and not the country banks, profited from the influx of foreign deposits.

It is a well-known law of psychology that fear that something may happen often causes the feared event. I might even say that francs and guilders were too high before the devaluation because the Dutch, French and Swiss people feared they were too high, and I am convinced the dollar, and after it the pound, became too low in relation to gold because people believed they were too low; because people thought gold would become devalued in terms of dollars, they converted at an accelerating pace their gold, liquid funds and even their security holdings into dollars. This conversion gave rise to an ever-increasing stream of gold to U.S.A., and the fear that eventually the Government of the U.S.A. would be forced to devalue the dollar.

If a similar situation were to occur, what could be done? Assurances by the Governments concerned will not help. Assurances of this kind have been too much discredited during recent years. The Governments must give facts. There seems to be only one way. In the event of another gold scare the Treasury of the U.S.A. must declare it is prepared to coin gold at the present parity, for everybody who pays the fees for it.

What would be the consequences? The chance to have its gold coined into dollars any day it likes would prevent it from buying dollars for fear it might not be able to buy them at the present price in the future.

2. Very cautious ones would have their gold coined and hoard these gold-guaranteed dollars.

3. All hoarders of gold, especially in countries which have foreign exchange regulations (Germany, Italy, etc.), or which are full of political fear on the part of capitalists (France), or which have always hoarded gold (some Asiatic countries), would hoard the new dollar-guaranteed gold.

The American Treasury could theoretically withdraw from the note circulation all amounts coined in gold, i.e. continue sterilization as it did before. The total circulation must, however, be closely watched; if, as I expect, most of the new coins were hoarded, the amount hoarded, which could be approximately ascertained, must not be withdrawn from the note circulation. Theoretically, the note circulation might be replaced by gold, but I do not believe that this could happen. The "fear" gold would return where it came from—to the safes and stockings. The gold, being mined now in Russia and South Africa and elsewhere, would go to the central banks of rising South America and of those countries willing and able to return to normal conditions. Some people may argue that all this does not settle the gold question. I think it does. If we start to devalue gold, we may end one day with demonetising it just as we did with silver and no common measure would remain at all. This would be rather dangerous. I believe that all governments would like to return to gold and, with this in mind, I do not think too much gold is being produced. It is only a few years since everybody believed in a scarcity of gold, and this belief was proved to be false. The increasing fear to-day of over-production will probably prove another fallacy. New peoples—until now debtors with only a bad cover and a bad reputation as debtors—are steadily improving their economic position. They all need gold; so I am of the opinion that for some time to come, we shall not have over-production; and if, in some distant future, we should have, there is still the possibility of the gold-producing countries coming to an agreement regarding the pace of production. I do not think of restriction, but of stabilisation of production. Nobody to-day seems to think of the possibility of goldfields becoming exhausted or that perhaps a country like the South African Union may become interested in the preservation of her gold-ore reserves.

Gold itself is nothing; just a yellow metal with not much practical value. But confidence is much, and those who wish to avoid revolutions, those who wish to have evolution

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should think it over twice and three and a hundred times, before they give another shock to the confidence of their peoples.

Yours faithfully,

EMIL SPEYER.

16 Oman Court, N.W.2.

Tariffs and Prosperity

TO THE EDITOR OF THE ECONOMIST

SIR,—Nearly every financial article in recent weeks ends in similar words to yours on "Commodity Prices and Prosperity" in your issue of December 4th. "Unless industry in the United States resumes its upward trend in the near future it would be rash to assume that the recent downward trend of prices has reached its limit." One nation alone cannot bring about a world recovery in prices. Neither this country nor the U.S.A. can stage a recovery which is going to do anyone any permanent good merely by spending money within their own borders.

How can industry in the U.S.A. improve to any extent so long as she has a high tariff barrier? She was immensely prosperous during and after the War as she was willing to grant practically unlimited credit to enable her products to be bought. She had high tariffs and therefore could only receive payment in gold and thus succeeded in obtaining a great portion of the world's stock of that metal; but by shutting out foreign products she has also shut in her own.

World-wide free trade will be necessary before civilisation as a whole can receive any permanent benefit. We were told, when a protectionist policy was adopted here, that it was a bargaining weapon. The longer our Government

allow industries to flourish behind tariffs the greater will be the outcry when they are removed. And they must eventually be removed if peace and prosperity is the aim of politicians.

Yours faithfully,

T. W. M. WHITSON.

Old Broad Street,
London, E.C.2.

POINTS FROM LETTERS

Living on Capital.—Mr Morris asks (in *The Economist*, November 27th), whether it is correct to say that a country is living on its capital when its payments exceed its receipts? We may be said to be living on our capital if we use our labour and materials to make consumables rather than means of production, so that there is a decline in the latter. But, in the present case, capital may be taken to mean claims on other nations, which are held mostly in the form of securities. If we sell more foreign securities than we buy, taking goods which we consume for the difference, we may be said to be living on our capital. This has nothing to do with any tendency for our payments to other countries to exceed our receipts from other countries, for the sales of securities may easily result in a tendency for our receipts to exceed our payments.—*R. Grant Brown, 2b Belsize Lane, N.W.3.*

Coming Events?—In the letter from your New York correspondent, published in *The Economist* of January 4, 1938, occurs the sentence: "President Roosevelt, instead of being denounced as a destroyer, will come into his own country." Can this be accepted as prophetic of the present time as well?—*E. C. S., London, S.E.1.*

Books and Publications

Whither Belgium?

DEVELOPMENTS in the internal and external politics of Belgium are closely connected. The perpetual irritant of extreme Flemish nationalism, the more recent advent of Rexism, the virile Catholicism of large numbers of the people, all combine to create a potentially unstable internal situation which in itself is not serious, but which, considered in relation to the foreign policy of the Third Reich, gives cause for disquiet. We need not anticipate insurrection à la Franco. But already these internal stresses have produced a new orientation in Belgian foreign policy, an orientation which is possibly not unfavourable to German diplomacy. The falling out of Belgium from the Locarno system limits still further the remaining possibilities of achieving a degree of collective security in Europe. The recent proposal of King Leopold that economists should combine for the study of world economic problems (which, it is alleged, perhaps quite wrongly, was suggested from outside, seemed to cast an unjustified slur on the work of the economic intelligence service of the League.

In the autumn of 1936 a number of academic political scientists and active politicians representing most of the differing points of view in Belgium founded the *Centre d'Études pour la Réforme de l'État*. They have now issued what is in effect an interim report.* Eight commissions in all have issued their reports and have made provisional recommendations. The divisions of the field of study are in the main the conventional ones: the executive, the legislature, the judicature, the electoral system, are all surveyed. There is an interesting section on *Le Quatrième Pouvoir*, that is, the Press. It favours the setting up by law of an "Ordre des Journalistes." Membership would be voluntary, but would confer very definite advantages. Professor Jean Dabin, of Louvain, argues ingeniously but, in our view, unconvincingly, that the setting up of such an order would not be a violation of Article 18 of the Constitution, which guarantees liberty of the Press. The tendency towards an "authori-

tarian" conception of government which is implicit in this proposal receives approval in the recommendations of other commissions. It is pleasant to note, however, that the commission on *Les Questions Electorales* emphatically rejects any form of corporative representation. Speaking of proposals for this method of representation it says, and says well:—

"L'application d'un pareil système ne pourrait que faciliter la domination des intérêts privés sur l'intérêt général, alors que, déjà aujourd'hui, on s'accorde à dénoncer les graves dangers que fait courir à la chose publique la ruée démagogique des intérêts particuliers."

The commission which deals with the question of different nationalities in relation to state structure recommends no revolutionary changes. A federal solution is rejected on the ground that it would subject Belgian unity to an unbearable strain. There should be greater delegation of powers to provincial authorities and the improved in order to lead to a richer development of the national cultures within the framework of a single state.

The report and recommendations are sufficiently interesting and valuable to make one look forward to a more definitive report in the future. Taken as a whole, they are too formal and academic. Many of the proposals for administrative reform are no doubt useful and timely but, with the partial exception of the section on the national problem, there is no attempt to set the political machinery in the social and economic context within which it must work and which must condition its very nature. In short, it is a piece of constitution making in the tradition of the Abbé Siéyès. The President of the *Centre d'Études* himself says, in the dedicatory letter to M. Van Zeeland, which prefaces the book, that "les vingt dernières années ont apporté dans la vie sociale des transformations d'une profondeur et d'une rapidité que peut-être aucune période antérieure n'avait connues." One hopes that the next report issued by the *Centre* will consider more concretely these profound and rapid changes.

Shorter Notices

"The Future of Immigration into Australia and New Zealand." Edited by W. G. K. Duncan and C. V. James. Angus and Robertson, Ltd. 1937. 6s.

Dr W. G. K. Duncan of Sydney University has edited a symposium constituting "a more or less representative sample of public opinion in Australia concerning immigration." The meagre population density in Australia (2.3 persons per square mile) is remarkable, and, even allowing for vast useless tracts, it is generally conceded that further scope for settlement exists. The really important conclusion reached is that immigration must bring the right type of settler and be governed by economic controls. Closer settlement of the better soils is advocated, in preference to adventuring in marginal areas, and a case is stated for developing secondary industries. Costs generally need control, particularly in view of past over-borrowing, and no policy should fail to consider the question of markets and at the least to maintain the present standard of living. "The economic conditions in the country of immigration are the decisive factor in attracting migrants." With general prosperity the immigration problem, as history suggests, would largely settle itself.

"The World Since the War." By Stephen King-Hall. Nelson. 111 pages. 2s. 6d.

Commander King-Hall has seized upon this disturbed moment in post-war time to take a snapshot of events since 1918. The result is too slight to be authoritative, but too readable and stimulating to be ignored. The author's conclusion that the need for concerted action is more urgent than ever before, is broad and cannot easily be criticised. The book shows in equal measure Commander King-Hall's gift for popular writing and the ambiguities of easy generalisations.

"German and Czech. A Threat to European Peace." By S. Grant-Duff, with a Preface by Hugh Dalton, M.P. New Fabian Research Bureau. 52 pages. 1s.

This is a very valuable pamphlet, published at a most opportune moment. The author demonstrates convincingly the strategic importance of Czechoslovakia in the programme of Nazi aggression. She also traces the history of German and Czech relations back through the war-time convulsions to the 1848 period; and gives a fully detailed history of the economic and political conflicts in Czechoslovakia which have finally produced the Crypto-Nazi Henlein Party.

"A Catholic in Republican Spain." By Prince Hubertus Friedrich of Loewenstein. Gollancz. 112 pages. 1s.

Prince Hubertus Friedrich of Loewenstein, having decided that his proper place as a Catholic was on the side of the Government, felt impelled by conscience to commit his opinions to print. But first he visited Republican Spain. This book contains his impressions. Prince Hubertus uses some trenchant arguments to dissuade his fellow Catholics from supporting General Franco. But he says little that cannot be found in the hundred and one books of a similar type that have already been published.

"Introduction to the Theory of Unemployment." By Joan Robinson. Macmillan. 127 pages. 4s. 6d.

In a limited number of copies of our last week's issue, a printer's error resulted in the substitution of the letter *r* for the *c* of the word "lucid," on the second line of our review of this book. Our intention was not to disparage but to praise, and we hasten to record our regret for an unfortunate typographical accident. The correct rendering of the sentence in question (given in all the later copies of our issue last week) is: "Little more need be said of Mrs Robinson's latest book than that it is as lucid and stimulating as the best of her previous writings."

Books Received

Practice and Finance of Foreign Trade. By W. W. Syrett. (London) Macmillan and Company. 233 pages. 7s. 6d. net.

Money and Trade. By R. Léon. (London) H. Milford. 69 pages. 7s. 6d. net.

The Substance of Economics for the Student and the General Reader. By H. A. Silverman. (London) Pitman. 341 pages. 6s. net.

Economic Planning in Corporate Portugal. By F. Cotta. (London) P. S. King. 188 pages. 8s. 6d. net.

International Who's Who, 1938. (London) Europa Publications. Ltd., 6 Duke Street, Adelphi, W.C.2. 1237 pages. No price stated.

Monetary Nationalism and International Stability. By F. A. von Hayek. Publications of the Graduate Institute of International Studies, Geneva. No. 18. (London) Longmans, Green and Company. 94 pages. 5s. net.

Documents on International Affairs, 1936. Edited by Stephen Heard and John W. Wheeler-Bennett. Royal Institute of International Affairs. (London) H. Milford. 717 pages. 35s. net.

The Bankers' Almanac and Year Book for 1937-38. (London) Thomas Skinner and Company (Publishers), Ltd., Gresham House, Old Broad Street, E.C.2. 2312 pages. 42s. net.

The People's Year Book, 1938. (Manchester) Co-operative Wholesale Society, 1 Balloon Street. 324 pages. 3s. net.

The Constitutional Year Book, 1938. (London) Harrison & Sons, Ltd., 44-47 St. Martin's Lane, W.C.2. 476 pages. 5s. net.

Official Year Book of the Union of South Africa, and of Basutoland, Bechuanaland Protectorate and Swaziland, 1937. (Pretoria) Census and Statistics Office. 1326 pages. 5s. net.

Daily Mail Year Book, 1938. Edited by David Williamson. (London) Associated Newspapers, Ltd. 296 pages. 1s. net.

Official Publications

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

First and Second Reports from the Committee of Public Accounts, together with the Proceedings of the Committee, Minutes of Evidence, Appendices and Index. £1 net.

Twenty-second Abstract of Labour Statistics of the United Kingdom (1922-1936). Cmd. 5556. 3s. 6d. net.

Companies. Forty-sixth General Annual Report by the Board of Trade. 4d. net.

Report of the Sugar Commission for the Year ended 31st March, 1937. 6d. net.

Report of the Chief Registrar of Friendly Societies for the year 1935. Part 2. Friendly Societies. 3s. net.

Colonial Reports. No. 1809. Annual Report on the Social and Economic Progress of the People of Bechuanaland Protectorate, 1936. 2s. net. *No. 1810. Uganda Protectorate, 1936.* 2s. net. *No. 1812. Straits Settlements, 1936.* 4s. 6d. net. *No. 1813. State of Brunei, 1936.* 2s. net. *No. 1816. St. Lucia, 1936.* 1s. 3d. net. *No. 1817. Tongan Island Protectorate, 1936.* 1s. 3d. net. *No. 1818. Bermuda, 1936.* 9d. net. *No. 1819. Bahamas, 1936.* 1s. 3d. net. *No. 1820. British Solomon Islands Protectorate, 1936.* 1s. net. *No. 1821. St. Vincent, 1936.* 1s. 3d. net. *No. 1824. Nyasaland, 1936.* 2s. 6d. net. *No. 1826. Gibraltar, 1936.* 9d. net.

Department of Overseas Trade. No. 682. Report on Economic and Commercial Conditions in the Republic of Guatemala, July, 1937. 6d. net. *No. 683. Argentine Republic, June, 1937.* 4s. net. *No. 684. British Dependencies in West Africa. (November, 1936 to March, 1937.)* 1s. 3d. net. *No. 685. British East Africa. (April, 1936, June, 1937.)* 1s. 6d. net. *No. 686. Cuba, August, 1937.* 9d. net. *No. 687. Iceland, September, 1937.* 9d. net. *No. 688. British West Indies, May, 1937.* 2s. net.

Report on the Administration, Finances and Conditions of the Sudan in 1936. Cmd. 5575. 2s. net.

Statement showing Classification of Local Authorities for purposes of calculating Exchequer Grants. Cmd. 5596. 1d. net.

Statistical Abstract for the British Empire for each of the ten years 1927 to 1936. Cmd. 5582. 3s. 6d. net.

Annual Statement of the Navigation and Shipping of the United Kingdom, 1936. 4s. net.

Public Social Services, 1936. Cmd. 5609. 4d. net.

Department of Overseas Trade. No. 689. New Zealand, July, 1937. 2s. 6d. net.

Annual Statement of the Trade of the United Kingdom with British Countries and Foreign Countries, 1936, compared with the Years 1932-35. Vol. II. £1 12s. 6d. net.

* "La Réforme de l'État." Centre d'Études pour la Réforme de l'État. Bruxelles. 649 pages. No price stated.

MONEY AND BANKING

Tripartite Agreement in Action

EVERY retrospect of the foreign exchanges during 1937 is inevitably a commentary on the results of the agreement between the monetary authorities of Great Britain, France and America made in September, 1936. How has the Tripartite Agreement worked in practice? Has it maintained monetary stability throughout the world? Has it fulfilled wider hopes of freer and more abundant international trade?

The answer is compounded, almost equally, of hope and disappointment. The conclusion of the Agreement was followed by certain tariff reductions, effected mainly to offset the immediate reactions on internal prices of the devaluation of certain currencies. For the rest, the past year has seen M. van Zeeland's mission and the opening of the discussions for an Anglo-American Trade Agreement. We should be the last to belittle the significance of these developments. M. van Zeeland has performed valuable work with his sounding rod, though he may have charted in many parts of the world more shoals than deep water. The Anglo-American discussions, again, embrace, through their relationship to the Ottawa Agreements, the whole of the Empire as well as Great Britain; and the fruits of the Trade Agreement would be widespread, through the inclusion of the most-favoured-nation clause. But all this is only a story of tasks begun. All that we can say to-day is that without the Tripartite Monetary Agreement there would have been no basis either for M. van Zeeland's mission or the preliminary Anglo-American discussions.

In the narrower field of foreign exchange rates, the year has again been a mixture of achievement and disappointment. The immediate purpose of the Tripartite Agreement was to permit the orderly devaluation of the franc to a new level which, it was hoped, would prove tenable. Events have belied that hope. The new level was fixed at about Frs. 106 to the pound sterling, but in spite of the support given by the sterling credit to the French railways in the early part of 1937, it was found necessary to allow the franc to depreciate last April to Frs. 110, the worst level permissible under the devaluation legislation of the preceding autumn. This rate, in turn, proved untenable, because of the continued rise in French internal prices and costs, and the continued flight of French capital. At the end of June, when the Government of M. Chautemps had replaced that of M. Blum, almost its first act was to carry out a second devaluation to a point corresponding to just over Frs. 130 to the pound. Not even then was the franc at the end of its vicissitudes, for a further slide during September carried the pound to Frs. 150. Thereafter, however, the financial policy of the new Government began to develop new confidence. The reaction on the London and New York stock markets came opportunely at that moment, and helped to stimulate a return of capital to France. Sterling lapsed to Frs. 147, and the French authorities were enabled to replenish their gold and foreign exchange resources. Only in December were any fresh signs of weakness evident, and by that time the French authorities had once more a fair gold reserve in hand.

Of the successive reductions in the French franc be left out of the reckoning, the Tripartite Agreement may claim, superficially at least, to have fulfilled its promise of international monetary stability. The year's fluctuations between the pound and dollar were within a range of 3 per cent. The Dutch and Swiss exchanges remained very stable, and the belga was nearly as steady. There were no significant alterations in exchange rates within the sterling area, but signs of slight strain were observed from time to time. The sharp rise in sterling

commodity prices early in the year caused misgivings in Sweden, and at one time the possibility was canvassed that the krona might be allowed to appreciate against the pound rather than depreciate in terms of commodities. The *raison d'être* for such a step disappeared, however, when the reaction in sterling prices began in the late spring.

The South American exchanges showed up to September 30th an improvement upon the preceding year, but the fall in commodity prices during the past six months has now begun to affect South America's power to export and may in time weaken her exchanges. Meanwhile, Brazil has abolished her exchange quota, under which a proportion of the foreign exchange received by exporters had to be resold to the central bank at the official rate; and she is proposing to place the coffee trade upon a competitive basis. Argentina has taken advantage of her favourable exchange position to redeem or convert part of her external debt, and has also repatriated part of her gold reserves previously held in London. The Minister of Finance has stated, however, that exchange control is not to be abandoned. In the Empire, Australia's export surplus for the year to June 30th last was sufficient to cover her external debt service and also to add £stg. 20 millions to London funds. There is a distinct possibility, however, that owing to heavy imports and the fall in wool prices, part, at least, of this new surplus will be drawn upon during the current year.

Over a large part of the world, in short, there has been exchange stability—but below the surface the waters have been repeatedly troubled. The past year has been one of sudden fears, of rapid international movements of liquid capital and of heavy transfers of gold between the various Exchange Funds. Further, the continued divorce of the leading currencies from gold has provided a setting for doubts about the future value of gold in terms of currencies, or currencies in terms of gold. The gold scare of April and May was due to fears of impending reduction in the dollar price of gold, while, conversely, the dollar scare of November reflected the fear of a forthcoming increase in the dollar price of gold. To set these two scares side by side is sufficient to disclose their inherent absurdity. The gold scare, nevertheless, had far-reaching effects; for it must be numbered among the proximate causes of the setback in securities, commodities and business which, for the United States at least, was the chief economic event of the year. The subsequent dollar scare had a more satisfactory result, since it was a contributing factor to the repatriation of French capital and the replenishment of the French gold reserves. Both scares threw upon the British Exchange Account the new duty of supporting the bullion market, as an indirect but effective way of preventing contemporary operations in gold from upsetting the course of the exchanges.

The past year, taken as a whole, suggests the need for serious consideration of a number of weighty matters. In the first place, it is clear that a large part of the world is to-day operating a quasi-gold standard. Although gold movements are still an ultimate method of settling international differences, many countries divide their gold reserves between their central bank and their Government-owned Exchange Funds in such a way that gains or losses of gold affect only the holding of the Exchange Funds. So long as this obtains, they do not enlarge or contract the internal credit base. Thus, Governments are left free to pursue their own internal monetary policy, regardless of what is happening abroad. A time may be at hand when it will be necessary to consider whether or not this is wholly desirable, and whether or not the

system should continue if and when a general return to gold is made.

Next, the question of the secrecy of Exchange Fund operations deserves attention. In earlier days, when the British Exchange Account stood alone and when its main object was to prevent speculation in sterling, the arguments for secrecy were unanswerable. To-day, when many Exchange Funds work in co-operation and in such a way that their gold holdings have become the reserves out of which international differences are settled, the case for secrecy is much more doubtful. After all, in the old days of the gold standard, when central banks were the custodians of national gold reserves, the whole world knew at once when gold was gained or lost, and was able to act upon the knowledge. To-day, gold movements into and out of Exchange Funds are deliberately concealed from view, and so the world is deprived of the knowledge which is the best antidote to nameless and unreasoning fears. No one, in fact, may be able to say whether a currency is weak or strong until some dramatic event reveals its inherent position, and by that time constructive action may be fruitless. That is neither helpful to confidence nor good for trade. For this reason alone there is a case for the immediate and regular revelation of Exchange Fund gains and losses of gold. The British authorities have taken a step in the right direction this year, but their reports on the condition of the Exchange Account are still infrequent and tardy.

A third point concerns those central banks, including the Bank of England, which have not yet revalued their gold at the current market price. On the whole, it may be desirable that they should be empowered to do so as soon as possible, so that every country's gold reserves can be readily evaluated on a more or less uniform basis.

Finally, consideration might well be given to the suggestion, recently made by Dr Kienböck, that the Bank for International Settlements should study the whole possibility of an ultimate return to gold, and that a simple programme for the gold standard of the future should be formulated without undue delay. It is true that current international political and economic conditions leave little hope of an early return to gold, and that any programme may have to be amended before it is carried into operation. But the events of the past year show clearly that the Tripartite Agreement has been only an initial and incomplete step towards world monetary stability, and no responsible authority could possibly be satisfied with the prospect of the indefinite continuance of the conditions which exist to-day.

Financial Notes

Bank of New South Wales.—Sir Thomas Buckland, the President of the Bank, gave an interesting account of current Australian conditions in his address to the shareholders at the meeting held on November 26th. He alluded to the very satisfactory increase in exports between 1935-36 and 1936-37, but added that the improvement in Australian standard of living, due to greater internal prosperity, was being reflected in larger imports of such commodities as cocoa, chocolate and raw silk. The secondary industries were also importing more raw materials and capital goods. Sir Thomas was not greatly perturbed at the recent fall in the export price index, but he did express the hope that part at least of the recent increase in Australia's international balances would remain to help rebuild Australia's reserves to the level of pre-depression years. Meanwhile the strengthening of London funds had eased the position of the banks. Cash ratios were higher, and the stringency to which he drew attention last year was passing. It was, however, necessary for the banks to discriminate more carefully in the granting of advances, even though this might involve smaller profits. On the whole, Sir Thomas took a hopeful view of the Australian outlook, but if the present growth in Australian imports, arising out of the

past year's prosperity, is set off against the recent decline in wool prices and the rather more dubious outlook for primary products in general, it is an open question if there will not be some depletion of London funds during the current year. Such a swing of the pendulum, however, is neither abnormal nor necessarily a cause of trouble to Australia, especially if it can be foreseen. Sir Thomas Buckland's plea that the banks should exercise greater selectivity in the granting of advances will in itself be a precaution against any untoward consequences of a drop in London funds.

The Money Market.—Easy conditions have prevailed during the week, with rates for December money unchanged. Loans into January now cost $1\frac{1}{2}$ per cent., but there is no great demand for January money as the market is now convinced that there will not be any serious pressure on the last day of the year. Next week may not be too easy, for if on December 24th the market concentrates all these Treasury bill applications on bills to be paid for in January, it means that the whole of next week's payments will have to be made on the morning of Saturday, January 1st. Still the market sees no insuperable difficulty in this, and the opinion is held that no bills to be paid for during December will be tendered for on December 24th. This means that as in previous years it will be the Government and not the market which is in the Bank on December 31st. We may expect to see an increase in Ways and Means borrowing from the Bank (i.e. in Government securities) as much as in discounts and advances.

	Dec. 2, 1937	Dec. 9, 1937	Dec. 16, 1937	Dec. 22, 1937
Bank rate	2	2	2	2
Clearing banks' deposit rate	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Short loan rate:—				
Clearing banks	$1\frac{1}{2}$ -1*	$1\frac{1}{2}$ -1*	$1\frac{1}{2}$ -1*	$1\frac{1}{2}$ -1*
Others	$1\frac{1}{2}$ -1	$1\frac{1}{2}$ -1	$1\frac{1}{2}$ -1	$1\frac{1}{2}$ -1
Discount rates:—				
Treasury bills	$1\frac{1}{2}$ -1	$1\frac{1}{2}$ nom.	$1\frac{1}{2}$	$1\frac{1}{2}$
Three months' bank bills	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$

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

December 17th witnessed a further drop in the Treasury bill tender rate from 15s. 8.91d. to 13s. 9.17d. per cent., and at this lower rate the market appears to have obtained an allotment of 85 per cent. The expectation of an easy passage over the turn of the year accounts for this lower trend. This week some of the banks were buying February and early March Treasuries at $1\frac{1}{2}$ per cent. and slightly under. These rates contrast with a tender rate on December 3rd of as high as 18s. 2.16d. per cent.

The Foreign Exchanges.—French francs were stronger on Monday and Tuesday, and it is clear that the criticisms by M. Reynaud and others of French financial policy have not had any lasting effect. In consequence of this recovery, three months' francs were bid down from Frs. $4\frac{1}{2}$ to Frs. $3\frac{1}{2}$ discount and spot sterling from Frs. 147.30 to Frs. 147.12. On Wednesday the spot rate weakened to Frs. 147.19 and the three months' rate to Frs. $4\frac{1}{2}$ discount, on the news of the French strikes, and the French Control had to give some support. Still the Control gained exchange earlier in the week, and taking the past fortnight as a whole its net losses have been very limited. Spot belgas have been on offer, with sterling rising from Bel. 29.40 to Bel. 29.43 $\frac{1}{2}$. This slight movement is in sympathy with the week's equally slight fall in the sterling price of gold from 139s. 9 $\frac{1}{2}$ d. to 139s. 8d. per fine ounce, for as Belgium is on the gold standard any fluctuations in the sterling price of gold naturally tend to be neutralised by movements in the Brussels rate of exchange, the result being to keep steady the price of gold in belgas. There was no change, and very little business, during the week in any other currencies. The New York rate is unaltered at \$4.99 $\frac{1}{2}$, and the Amsterdam rate is Fl. 8.98 $\frac{1}{2}$, again with practically no change.

THE STOCK EXCHANGE

"The Chairman Said . . ."

COMPANY meeting procedure is a fitting topic for the festival of Christmas. Outwardly, it is a conglomeration of paradoxes whose superb unreason best suits the moment when paper hats are put on and logic leaves by the chimney. Approximately five thousand British public companies invite their shareholders, once every year, to a *folk moot*. If half the proprietors of even a moderate-sized company attended, the chairman would have a larger audience than Signor Mussolini ever addressed from the Palazzo Venezia. No hall in England could possibly contain the 150,000 ordinary shareholders of Imperial Chemical Industries. But no secretary ever lost sleep on that account; for shareholders simply do not come trooping by battalions. Contrary to all theatrical canons, the best shows draw the thinnest houses. Only a passed dividend, a heavy loss or a reconstruction scheme can really pack the hall; a crowded meeting is usually an angry meeting. Shareholders who cannot attend, however, are given special facilities for voting in favour of the chairman's policy before they have heard his speech.

The meeting opens with the reading of accounts which are always taken as read. Discussion of grievances precedes the voting of supply—by shareholders to themselves. Many crowded hours of criticism, interruption and cross-questioning have gone down to history in a single sentence: "After some discussion—the accounts were adopted." The main resolution is ultimately put, defeated (if it be very controversial) by those present, and duly carried by the absent shareholders. The meeting ends with a directorial election in the Russian manner. Candidates and vacancies are identical. Everybody is successful, and everybody has served before.

Despite these anomalies, however, the company meeting system has worked with a minimum of friction and (except in a small minority of instances) to the reasonable satisfaction of the majority of investors for a good many years. Ninety-nine per cent. of company meetings are merely formal; for shareholders are wisely content to leave their interests in the capable hands of those whose prime duty is to direct and manage them. But they do afford chairmen an opportunity to establish direct personal touch with a scattered army of beneficial proprietors whom they may never meet in the flesh.

To go back, in retrospect, over some of the outstanding meetings of the past year is to realise how effective an instrument of enlightenment a good chairman's address can be. Memory recalls the figure of Lord Wardington, urbane and authoritative, drawing aside the veil and revealing the composition of a great joint-stock bank's advances; Sir Josiah Stamp delivering his learned annual presidential address (with chart) to the Society of L.M.S. Stockholders; Mr Samuel Courtauld describing the world's rayon position with an air of Haroun-al-Raschid; and Mr Arthur Chamberlain uttering a kindly but stern philippic on producers who too closely identify the steel industry's interest with their own. Some of the year's speeches have conveyed a salutary warning, like Mr Graham Cunningham's hint to Triplex Safety Glass shareholders, that they must not expect an unbroken sequence of years of favourable legislation and booming car sales. Others have reminded shareholders of basic truths in company finance, as did Lord Craigmyle by his insistence on an adequate depreciation policy for maintaining the efficiency of the Peninsular and Oriental Steam Ship Company. And a becoming modesty alone restrains our wider commendation of the example set by the chairman of a progressive

Midland brewery, who, in peroration, expressed the hope that his company might long continue to deserve the praise of *The Economist*.

Who is the perfect chairman? What is he that every junior director would wish to be? There are manuals of "dos and don'ts" on many subjects, from golf to writing for the Press; but no one has yet compiled a list of the topics which conscientious company chairmen ought to discuss, and those they should wisely avoid. We may, perhaps, be permitted to make a few tentative suggestions, based in good faith on the discipline of many years' attendance at company meetings. Doubtless, progressive earnings and dividends, maintained or increased over many years, speak louder to shareholders than any number of words. But the real audience which the chairman of even a small company addresses is far wider even than the total of the proprietors, since it includes all investors, large or small, who may choose to become proprietors in the future. Such an audience will pardon, and even welcome, the enthusiastic satisfaction of a directorial board with its own achievements. Conversely, it will be sympathetic, in time of depression, to a frank avowal of difficulties encountered. It does not expect chairmen to give their companies a bad advertisement or to do the shareholders' job of criticism for them. What it desires, above all things, is *news* about a company, its achievements, its aims, its hopes and its problems.

Investors, indeed, have an insatiable appetite for positive facts, from which they can draw their own conclusions with the assurance that no consideration which is basic to their decision has been omitted. The best speech can never be a satisfactory substitute for detailed and informative annual accounts. Its ultimate function, indeed, is to give these annual figures their due perspective, to remove misapprehensions, to put present results into relationship with the past and the future, and to elucidate the causes which have brought them about. There is obvious utility in a speech which specifies the directions in which a company's business is expanding, the new products it is manufacturing and the new branches it is about to open. Equally useful is the speech which describes the background of the industry in which the company is a single unit.

Whether an address which amply covers all these points can leave any room for controversial propaganda is, perhaps, an open question. One would not deny to *ex parte* views any place, provided their nature were made clear; but a company meeting-room is not an appropriate venue for matters best discussed in the House of Commons. A certain seeing of facts through rose-coloured spectacles, again, may be permissible, if shareholders and investors can determine the tint employed more or less accurately. The rostrum is not a judicial bench, and he is a poor father who does not praise his own child. But investors may rightly ask that what is misleading, or irrelevant, or sufficiently condensed and partial to be both, shall be excluded. On the whole, they have reason to complain of speeches which tell them too little rather than too much. From their viewpoint, the least useful address is the one, bathed in noonday sunshine, which studiously avoids every unfavourable possibility. And the most dangerous is the speech (happily rare to-day) made with one eye on the price of a company's shares on the Stock Exchange.

For the rest, the best speeches will always express some indefinable *trait* of the speaker's personality. When ought they to be made? An increasing number of highly successful businesses is following the practice of

including the text of the chairman's speech in the annual report to its shareholders. The list includes Benskins and Brickwoods in the brewery trade, Crompton Parkinson in the electrical industry, Turner and Newall in the asbestos industry and Prices' Tailors in the multiple clothing trade. The device can never be a complete substitute for present methods of giving wide publicity to company speeches; for a chairman's effective audience includes potential as well as actual shareholders, who may be synonymous with the whole body of contemporary investors. There can be nothing but commendation, however, for every innovation which tends to stimulate the interest of shareholders in their companies, to bring them in greater numbers to annual meetings and to increase the number and pertinence of the questions they put. The problem of overcoming the apathy of shareholders over the affairs of their own companies—a corollary of the widening diffusion of capital ownership—can only be solved, eventually, by the investor himself. But chairmen and directors can make a valuable contribution by encouraging every development calculated to impair their own peace and quiet.

Investment and Company Notes

Wall Street Improves.—Wall Street is celebrating Christmas with a judicious rise in prices which is sufficiently steady to be almost festive, but stops short of suggesting that Washington has been forgiven. Wall Street's New Year resolutions include no grace for President Roosevelt. The House of Representatives has referred back the Wages and Hours Bill to committee. To Wall Street, this represented a welcome rebuff to the President, who has been unable to get anything of consequence through his special session of Congress. Wall Street was not so pleased by the adjournment of the finance committee without any decision on tax reform. But the present rally in stock prices seems to be based less on political events than on the growing belief that the industrial outlook is clearer, that recession appears to have touched bottom, and that there is now a reasonable context for cautious hope about the coming year. The Iron and Steel Institute's estimate of steel mill activity for the Christmas week shows that activity is roughly unchanged if allowance is made for the holiday. The expectation of industrial improvement is necessarily tempered, for the market, by the realisation that the President has not disclosed any radical change in his attitude to economic affairs, by the activities of the Chairman of the S.E.C., ever zealous to raise the moral standards of the Exchanges, and, finally, by the Sino-Japanese war. With this mixed prospect, Wall Street's more seasonable spirit is courageous. The New Year will prove if it is really justified.

Chinese Customs Position.—Questions put to the Foreign Secretary on Monday this week revealed the anxiety (felt also in another "House") about the future of the Chinese Customs Administration and the security for Chinese Customs loans. Mr Eden had no new information to give about the position in Shanghai, Tientsin and Chinwangtao. But he returned a provisional affirmative to a suggestion that the Government had no intention of recognising any assumption by the Japanese authorities, or by alleged Chinese authorities, of rights which belong to the legitimate Chinese Government. It is difficult, at this stage, to define the question of "rights"—and much more difficult to insist upon them. The market's concern this week has arisen from the possibility of diplomatic repercussions from the "Panay" and other incidents, and Japanese bonds

have been principally affected. Chinese issues, on the other hand, have remained relatively steady. These bonds stand at levels which clearly assume the maintenance of some payments, but what the scale will be, and by whom it will be met, is far from clear.

Property Societies Disclosures.—Some two months ago the position of certain property societies was brought to the public notice by the plight of three concerns registered under the Industrial and Provident Societies Acts. A fortnight ago, the stories of the General Mortgage and the London and Provincial Property Societies were further unfolded at meetings of creditors and members. Both businesses were more or less inactive until eighteen months or two years ago, when effective control passed to particular individuals; both had attempted, not very successfully, to raise money by debenture issues, and in both cases the Official Receiver spoke plainly of mismanagement. The London and Provincial Property Society, it was disclosed, had continued to do business after the failure of a debenture issue; it had overtraded on limited means, and the appointment of an undischarged bankrupt as general manager was an unfortunate choice. The Senior Official Receiver declared that it was too early to name the causes of failure of the General Mortgage Society, but he did not mince words in his description of the society's business methods. The society's collapse was imminent after the failure of a debenture issue, and Mr H. J. Greville, who had resuscitated the business in July, 1936, proceeded abroad last August, and was removed from office afterwards. The directors, on learning of complaints, called for an investigation, and as it was unsatisfactory, themselves presented a winding-up petition. At the time of the order the board consisted of Mr Walter Ranson, Mr H. J. Greville, Sir John Frankland Payne Galloway, the Earl of Ypres, and the Earl of Halsbury. The last two noblemen, one of whom informed a Press representative after the meeting that both joined the Board after the irregularities had taken place, became directors last April. There had, in fact, been inserted in a brochure a slip (boldly printed in red type) reporting these appointments, and also that of Captain Sir John Seton as joint secretary. The Official Receiver's comments included a reference to the support which the Society received from the names of two peers. It will be hoped that the abuses outlined at these creditors' meetings will be checked by legislation. As we go to press, it is reported that summonses in the names of the English and Scottish Co-operative Property, Mortgage and Investment Society, Limited, and Mr J. Wolstenholme, managing director, have been issued at the instance of the Registrar of Friendly Societies. It is understood that the summonses relate to the statement of profits in the Society's accounts for 1936, and are returnable on December 30th.

The Investor's Christmas.—"Lawyers, I suppose, were children once"; the same hint of doubt may apply equally to investors at this season. The investor who cannot forget the Stock Exchange, even in the West End stores, will find comparatively little scope in the toy trade for purchases which will pay his own dividends. Santa Claus does not often apply for permission to deal. There are, however, at least two important exceptions to the rule that toy businesses are in private hands. Lines Brothers, who made a public issue last year, manufacture a large range of toys, and are perhaps best known to the public through the "Triang" toys and Hamleys toy-shop businesses. The combined share and loan capital of the company exceeds £600,000 and in five years net profits have doubled. The scope of the business is extending and improvements in organisation are helping to solve the problems of seasonal peak production. The second exception, Meccano, Limited, covers a wide range, extending beyond the Meccano sets and Hornby trains of boyhood memory. Profits, after overhead charges (which are disclosed in the

accounts), have been relatively steady since the company was made public, but depreciation and special reserve policies have been generous, and until a 7 per cent. distribution was made last August, dividends had remained at a low rate.

When the time comes to put away childish things, however, the investor seeks the calm solace of tobacco and "beaded bubbles winking at the brim." A pipe smoker will find interest in the profits of Alfred Dunhill, Limited, which, not unnaturally, have been subject to cyclical fluctuations. But dividends were resumed in 1934, and recovery has since been rapid. Though no concern familiar to the investor can supply the blushful Hippocrene, a considerable number of wine merchants and a large number of brewers handle its modern equivalent. Among those who follow the slogan "Beer is best," the name of Bass, Ratcliff and Gretton is nationally known. The magnitude of this business is illustrated by the approach of the latest profits to the £1½ million mark. Pre-depression earnings have not been quite achieved, but in the past few years progress has been made at a steady rate. The English beverage, known as "Scotch," brings to mind Distillers, whose profits, incidentally, now include some appreciable benefit from the non-potable industrial alcohol business. For the wine drinker, Henekeys, Limited, display a satisfactory profits record. The company's capital is not highly geared, but in recent years the distribution has not fallen below 12½ per cent., and in 1935-36 pre-depression profits were comfortably exceeded. The cigar-smoking investor, familiar to the cartoonist, but somewhat rare after a year's falling markets, may combine self-interest with pleasure in the products of Henry Clay and Bock—one of the links in a considerable chain. American Cigar Company control Cuban Tobacco Company, Incorporated, who control Henry Clay and Bock, who control Havana Cigar and Tobacco Factories among other companies. Both the latter companies resumed dividends in 1933, but recovery has proceeded erratically, and the latest profits are much below the best. The Christmas scene, then, will have innumerable investment implications, but we confess to failure in trying to discover a public company manufacturing the red robe and false whiskers of St. Nicholas.

British American Tobacco Report—A sharp rise in the ordinary stock units preceded the publication of the "Bats" dividend and profits. The results deserved, and obtained, a good reception, although the accounts themselves are no more informative than in the past. Total profits have increased from £5,541,756 to £5,760,450—representing dividends received from subsidiaries and reserves written back in respect of subsidiary companies' former losses, after deducting charges, management expenses and taxation. The sum disclosed, in short, covers preference dividends, the 21½ per cent. tax-free ordinary distribution and £100,000 transfer to staff funds with £42,000 to spare. Our usual table, for holding company accounts of this type, is a mere arithmetical exercise:—

	Years to September 30th		
	1935	1936	1937
Profit	5,469,171	5,541,756	5,760,450
Preference dividends	585,000	585,000	585,000
Ordinary stock (tax free)—			
Earned	4,884,171	4,956,756	5,175,450
Paid	4,735,936	4,736,352	5,033,399
Earned (%)	20.6	20.9	21.8
Paid (%)	20	20	21½
Benevolent fund		150,000	100,000
Carried forward	2,357,877	2,428,281	2,470,331

The disclosed profits can best be interpreted as a general indication of the trend of the group's earnings as a whole. The main factor contributing to increased profits last

year was undoubtedly rising commodity prices, which greatly increased the purchasing power of the company's principal markets abroad—including India, China, and South Africa. Some three-quarters of the balance-sheet total (which slightly exceeds £50 millions) is represented by subsidiary and associated companies. There may be some significance in the sudden increase in advances to subsidiaries from £1,446,092 to £3,659,571, though it appears to be related to fluctuations in trading stocks—the parent company's stocks (including advances for leaf purchases) have advanced from £3,468,664 to £3,811,958. For the current year the check to commodity prices and the disorganisation of the important Far Eastern market should be remembered by the investor. The long-term investment merits of the ordinary stock, which yields 4½ per cent. gross at the present price of 109s. 4½d. are axiomatic, and deservedly so. They would be even more clearly appreciated if the company's accounts were more informative.

Courtaulds and Rayon Prices.—The rayon trade this week learned with surprise that Courtaulds, Ltd., had decided to increase rayon yarn prices, except for certain finer counts which compete with acetate yarns. The Stock Exchange has rightly regarded this announcement as an important step, and the ordinary stock units have advanced to 47s. 3d. During the past decade Courtaulds have followed a single price-policy, through good and ill, whether materials costs were rising or falling. That policy has been a steady reduction of rayon prices, with the object of winning a bulk business for rayon. During the past three years, it is true, the relative stability of viscose yarn prices has suggested that the competitive battle had been more than half won. The latest increases are related to increased raw material costs, such as wood pulp and chemicals, and higher labour and plant expenses. The explanation may be sound, without detracting from the importance of the increase in itself. Investors may wonder whether, a year or two ago, the company would have raised its selling prices if costs had then increased. That it has done so to-day suggests that the board believes the company's competitive position in the rayon industry to have been fully consolidated. It is significant, indeed, that the price of "Fibro" staple fibre, in which the company is developing a new bulk market, was recently reduced, although its production costs have presumably also increased. If our interpretation is correct, the Courtaulds' stockholder, rather than the rayon consumer, may enjoy the benefit of future cost reductions. These reductions in the past have formed the basis of the company's successful development policy. That is not to say, however, that the short-term outlook for Courtaulds has been transformed. The position of the American Viscose Corporation, in particular, introduces a cautious bearing upon profits estimates for 1937, and perhaps for 1938. The current yield of 4½ per cent. on Courtaulds ordinary stock must be justified by appeal to somewhat longer-term considerations than a single year's profits.

Radio Companies' Problems.—The radio industry, at present, is suffering from acute "atmospherics"—a recurrent distortion of the profit curve for which it has yet discovered no sovereign cure. The true explanation of these vagaries probably lies in the table below, which shows the growth of wireless licences in issue at the end of each year during more than a decade:—

End Year	Licences (000's)	Inc. % over previous year	End Year	Licences (000's)	Inc. % over previous year
1926	2,178	...	1932	5,283	22
1927	2,315	6	1933	5,973	13
1928	2,628	14	1934	6,781	14
1929	2,956	13	1935	7,402	9
1930	3,411	15	1936	7,961	7
1931	4,329	27	1937*	8,424	7

* End November comparison.

Here, the investor might think, are all the signs of a soundly progressive industry, although its advance is slackening. The pace, in fact, has been too hot and the industry has never been able to settle down. It has suffered from all the failings of industrial youth—continuous changes of models, new inventions which ruled out an even flow of production, bouts of price cutting, troubles with retailers, and excessive selling, in some cases, on unsoundly financed hire purchase and retail plans.

It is, moreover, an indisputable fact that every set sold to a new purchaser brings the industry one set nearer saturation point. The declining rate of increase in licences shows that saturation point is gradually being approached. There are probably fifteen million homes in this country and well over half are now equipped with wireless sets. New business on the 1930-34 scale, therefore, can only be obtained by marketing sets at prices within reach of the poorer working classes. Already competition is acute in this category. Again, renewal business, which probably represented at one time 15 per cent. to 20 per cent. of the turnover, can hardly maintain its past scale, for changes in technique to-day are not such as to render the older sets obsolete. This factor, of course, certain advantages, since heavy preliminary expenditure on "revolutionary" new models is consequently avoided. A period of falling real wages, in fact, is likely to coincide with some considerable building up of delayed replacement. To establish itself on the investment map, the radio industry must first seek sound organisation and discipline. Many companies, such as Electric and Musical Industries have broadened their operations, and hedged their seasonal and technical risks. Much also remains to be done in the export markets. More important still, the private association of makers which has been able to exercise some intermittent control over prices and marketing must be strengthened. Until the radio industry is properly consolidated, on a reasonable earnings basis, it will provide no opportunity for the staid investor. Relevant data are given in the following table:—

Co. & Denom.	Total Profits		Earned for Ord.		Ord. Div.		Ord. Shares
	Prev.	Latest	Prev.	Latest	Prev.	Latest	
E.M.I. (10s.)	£226	£293	10.2	13.5	10	10	17/-
Pye (5s.)	53	95	232.1	374.2	125*	125	11/6
Philco (2s.)	51	51	67.4	67.4	40	30†	1/3
E. K. Cole (5s.)	132	58	80.1	41.4	Nil	Nil	6/10½
Kolster (6s.)	Dr. 7	Dr. 3	Nil	Nil	Nil	Nil	2/6

* And capital bonus of 400 per cent. Shares then consolidated from 1s. to 5s.
† Interim for current year passed.

The calculation of yields on radio shares, unless we exclude a return of 5.9 per cent. on Electric and Musical Industries, is of little investment significance. Such recent events as the passing of the E. K. Cole interim show that conditions in the industry have lately deteriorated.

Baird Television Position.—Critics like *The Economist*, who objected to the capital reorganisation put forward by this concern two years ago, on the ground that under it potential profits would be inequitably distributed, took a long-term, but so far irrelevant, view. For the latest accounts, covering the year to June 30th last, give no sign that the company is approaching the profit-earning stage. The company, in fact, is still adding to the intangible items on the "assets" side of its balance sheet. The further sum of £111,903 is transferred from the debit of profit and loss account to general development account in the balance sheet, raising that item to the formidable total of £560,502. The other large item in the balance sheet, covering patent rights, trade marks and other interests, totals £538,320. Finally, the balance sheet discloses a shortage of liquid assets to meet current liabilities amounting to £46,392. Nor is the directors' report cheer-

ful in its tone. Public response to television has not come up to expectations. The manufacturing industry is, at times, inclined to lay the blame upon the limited transmissions. It may be doubted, however, whether a mass market for television receivers can be created until the price of receivers is substantially reduced. The "sales prospect" for television is likely to be the person who remembers that the high radio and car prices of little more than a decade ago have given place to "popular" prices and vastly improved models. The fear of technical obsolescence and the absence of a second-hand market restrains many potential buyers. For the investor, the Baird accounts carry the familiar lesson, that new industries, in a state of technical flux, usually cost him dear. In the television industry itself there are at least ten concerns manufacturing television receivers under competitive conditions. There may be an argument for obtaining an interest in television via Electric and Musical Industries, in whose operations it is a subsidiary though perhaps not unpromising branch. But the majority of television receiver manufacturers are in no better circumstance than the radio manufacturer of the early 'twenties. Meanwhile, Baird Television, if it would fulfil its aspirations in television transmission, must obviously find new capital.

New Companies' Poor Results.—Feasts are not complete without their skeletons, and for yesteryear's speculative investor a number of poor reports issued by new companies play that rôle. Earlier disappointments have been discussed in *The Economist* of October 30th and December 11th. It is difficult to measure the exact extent to which achievements have fallen below expectations. Comparability between reports and prospectuses is so imperfect that it is impracticable to present these first results in tabular form. Proprietors' and managing directors' remuneration, for instance, is frequently not deducted from prospectus profits, but appears to be deducted before disclosing profits in annual accounts. Depreciation is occasionally treated with similar want of consistency, or not distinguished from other expenses. One company, Wallpapers Consolidated, formed to amalgamate other businesses, showed profits for the separate companies in the prospectus, but its first accounts include no consolidated profit and loss account. Consequently, the parent company's trading profits and dividends appear at £1,918, compared with combined earnings in 1935 of £15,139. In the case of D. M. Gilbert and Company, furniture makers, profits of £17,715 appear to be below a consolidated prospectus figure of £25,957, but they do not include any profit or dividend from the subsidiary. But no hair-splitting over accounting formulæ can disguise the unsatisfactory nature of many results. Two reports have rightly involved closer examination into the companies' affairs: the directors of Popular Footwear, which made a loss of £4,961, against a roughly comparable profit of £9,945, are taking legal advice in connection with the company's formation and administration. Preston Breweries also made a loss, and there have been changes in the board. British Aircraft Manufacturing followed up an initial loss by a larger deficit in the second year.

But it is significant that the disappointing results of other companies have, in part, been attributed to delays in building new premises, to dislocation arising from removal or reorganisation, or to want of sufficient preparation

OVER ONE HUNDRED AND TEN YEARS OF SERVICE
SCOTTISH UNION & NATIONAL
INSURANCE COMPANY
ASSETS EXCEED £16,000,000
FIRE LIFE ACCIDENT MARINE
Edinburgh: 25 St. Andrew Square
London: 5 Walbrook, E.C.4, and 45 Pall Mall, S.W.1.

in making changes. C.T.C. Bazaars, a South African concern, which brings share premiums into the Appropriation Account (though it does not distribute them), shows a trading profit for the initial period of £29,219 against a prospectus figure of £43,862. The report refers to buildings not being available. Similar difficulties were experienced by S. E. Opperman, aero and motor component makers, by Alexandre, Limited, multiple tailors, whose latest profits of £9,347 compare with £15,257, and by Goodman Brothers and Stockman, clothing manufacturers, who removed to a new factory. Premier Metal Company of South Africa apparently fared as well as the prospectus suggested, but had similar difficulties of reorganisation and new building. Aero Engines, Limited, made a net loss of £57,478 in 1936-37 against a loss of £11,851 in the company's initial period. The chairman has stated that certain work was undertaken without an adequate planning staff and without a sufficient study of costs. The dovetailing of the two businesses amalgamated by D. M. Gilbert and Company, it appears, had not borne fruit by the time of the first report. Speaking at the Wallpapers Consolidated meeting, Mr P. H. Taylor was commendably frank: the policies of co-ordination (on which stress was laid in the prospectus) had not been planned in sufficient detail. Companies must be opportunist when they appeal to the public for new capital, but investors will be reminded by these and similar results to scrutinise the exact purposes for which this capital is required with the utmost care.

Union Cinemas Disclosures.—On Wednesday the shareholders of Union Cinemas adopted the directors' report, as distinct from the accounts to March 31st which accompanied it, after listening to some remarkable statements by Mr John Maxwell. Some of his more far-reaching suggestions, perhaps, may be left for comment if there are later developments arising from the company's past affairs. But there can be no two views regarding the financial position to which the company, with its 43 subsidiaries, has been brought. Mr Maxwell declared that properties standing in the balance sheet at £3,856,564 had been written-up by £2,200,000 at the time of the amalgamation of the Union, Oxford and Berkshire and National Provincial Cinema companies. This surplus had not been apportioned over the properties, and was, in fact, impossible to reconcile with real values, or even with original costs of individual properties. The scale of leasehold amortisation provided was insufficient, since it was allowed on a 99 years' basis, although the actual life of the properties was probably 20 to 30 years. Property depreciation on an adequate scale was required, and not mere leasehold amortisation. Reference was also made to certain transactions which had been capitalised, although ostensibly of a revenue nature. Mr Maxwell anticipated that the new accounts would be available before the end of March. He promised efficient management of the group by the Associated British Picture Corporation, but pointed out that dividends would be ruled out until a capital reorganisation had been effected.

Argentine Company Prospects.—While the English investor now believes that recovery at home has run its course, no country in which he holds substantial interests has offered in 1937 such clear evidence of reviving trade as Argentina. In the first half of this year the value of exports was almost twice the corresponding figure for 1936, and though it was clear that the rapid rate of improvement in the first few months could not be fully maintained, the Republic has enjoyed an increase of 57 per cent. in exports for the ten months to October, compared with the previous year. Growing imports, particularly in steel and machinery, indicate that the Argentine is now commencing to renew capital equipment, while the national finances have been strengthened by extensive conversions of debt to a

4-4½ per cent. basis. In some respects, however, the outlook remains uncertain. The Anglo-Argentine trade agreement of December, 1936, disposed of hopes of relaxed restrictions on British imports of Argentine produce, while the fortunes of the meat trade are in turn partly dependent on any action which the Argentine Government might take in controlling the market. In the political sphere, the effect of the recent presidential elections upon the attitude which may be adopted towards foreign capital cannot yet be assessed. Meanwhile, recent reports, of which we give a selection below, show on the whole a very satisfactory increase.

Company (and Date of Accounts)	Total Profits	Earned for Dividend	Ordinary Shares		Ordinary Shares Price and Denom.	Yield (%)
			Earned	Paid		
Agar Cross (June 30):	£	£	%	%	s. d.	£ s. d.
1935.....	Dr. 59,840	Dr. 106,872	Nil	Nil	(£1)	Nil
1936.....	46,960	8,591	Nil	Nil	7 6	
1937.....	176,567	143,792	Nil	Nil		
Forestral Land, Timber (Dec. 31):						
1934.....	235,850†	132,233	0.7	Nil	(£1)	
1935.....	452,132†	362,877	8.8	6	23 0	7 8 0
1936.....	594,863†	492,340	13.6	8½		
Leach's Argentine Estates (Mar. 31):						
1935.....	195,577	107,891	—	Nil	(10s.)	
1936.....	204,514*	123,481	—	6	7 6	8 0 6
1937.....	164,786	88,501	—	6		
Smithfield and Arg. Meat (Dec. 31):						
1934.....	183,072	154,815	19.6	6	(£1)	
1935.....	142,598	114,275	11.1	6½	13 0	3 16 6
1936.....	66,972	38,972	Nil	2½		
Harrods (B.A.) (Aug. 31):						
1935.....	495,481	67,742	Nil	Nil	(12s.)	
1936.....	502,053	80,039	Nil	Nil	7 6	2 2 0
1937.....	737,635	256,666	0.9	1½		

* Including only 10 months' sales of sugar and alcohol.
† Includes £10,000, £270,000 and £370,000 transferred from Depreciation Account in 1934, 1935 and 1936 respectively.

Although the results show, on the whole, considerable recovery by 1936 or mid-1937, due in part to the improvement of the peso, the latest earnings emphasise past difficulties without indicating a high degree of prosperity. The preference dividends of Agar Cross are still five years in arrears; in 1935-36 similar arrears of Harrods (Buenos Ayres) were capitalised, but normal preference and ordinary dividends have now been resumed. A setback in Leach's Argentine Estates profit reflects a lower price obtained for sugar combined with a higher cost of production. The chances of a return to truly prosperous conditions have become somewhat clouded in the past few months. Apart from the falling trend of commodity prices, Argentina has recently had special difficulties of her own: frosts have affected wheat to such an extent that crops are likely to be 20 per cent. or more below estimates. Such crop conditions, combined with easier prices, must have some bearing upon general economic activity in the Republic.

Mexican Oil Wages.—Mexico produces three principal things—silver, oil, and attacks upon foreign capital. It is becoming as difficult to tell which of the three is the most important, as to judge the ultimate intentions of the Government towards foreign capital. In November, Mexican Eagle's leases on the Poza Rica field were ratified, and a new concern—Centralmer, Ltd.—was also granted rights in the field. The grant of new territory, it was held, presaged a revised Government attitude towards the companies. Centralmer, a British concern with influential backing, brought with it golden sheaves to the extent of £1 million in a cash loan to the Mexican Government. Mexican Eagle, however, is apparently to make its contribution in indirect form. The Federal Labour Board, it appears, has published its findings in the arbitration enquiry which followed the strike last May. The award calls for increased wages and social benefits costing £1,440,000 on paper, but, in practice, appreciably more. The award, apparently, runs to fifteen hundred pages, and the oil companies propose to examine this lengthy document before issuing

a further statement. The companies, however, have already stated that the maximum figure which they could afford for increased wages, short of bankruptcy, is £1,200,000. Apparently, the Mexican Eagle contract to operate in the Poza Rica field has not been suspended as was reported last week-end. Even the Mexican Government does not, it seems, wish to kill outright the goose which provides the golden eggs. After the extraordinary tergiversations of the Mexican Government this year, with strikes and labour pressure alternating with such conciliatory gestures as the cession of new territory, the investor is plainly unable to value Mexican Eagle shares by any normal standard.

Other Company Results.—Although our usual analysis of profit and loss accounts appearing on p. 666 is seasonably short, it includes a number of interesting results. Among the large companies' reports are *Adelaide Electric*, *United Tobacco Companies (South)*, *Booker Brothers*, *McConnell* and *Joseph Nathan and Company*. The results are discussed on p. 665, under the heading "Shorter Company Comments."

Company Meetings of the Week.—In this issue, reports of company meetings begin on page 653. Sir Thomas Buckland's review of Australian recovery, made at the *Bank of New South Wales* meeting, is discussed on page 653. The opinion was expressed by Mr Edward S. Baron to *Carreras* proprietors at the annual meeting that the company should continue to enjoy a fair share of consumption, which continued to show a reasonable increase at home and abroad. On the financial side, their stock equalisation policy was a protection against violent movements in the price of leaf tobacco. At the *United Molasses* meeting, Mr F. K. Kielberg discussed the equipment with which the company could face a possible trade recession. They had no excess stocks, and their stock valuations were very conservative. The way in which the business had been built up from its own resources was commented upon by Mr A. Woolley-Hart at the *British Tar Products* meeting. Viscount Elibank, at the *London and Rhodesian Mining and Land Company* meeting, discussed development in the company's mining and ranching interests, and recorded with satisfaction that ranching showed a profit for the first time for many years. The payment of only 5 per cent. on the ordinary stock of *Scottish Australian*, despite a substantial improvement in profits, was justified by Mr J. C. Inglis on the grounds of the fall in wool prices since July. Mr Francis Allen declared to *Akim* (1928) shareholders that the essence of the company's policy was to avoid selling securities at a price known to be below their real value. At the *Southern Malayan Tin Dredging* meeting, the chairman expressed the hope that the International Tin Committee would form a buffer stock scheme. The recent quota decisions of the International Tin Committee were also discussed by Mr C. V. Stephens at the *Malayan Tin Dredging* meeting. Mr Francis Allen reported to *Ariston Gold Mines* (1929) shareholders that ore reserves were steadily mounting, and must be near the million-ton mark. Sir Oswald Stoll, at the *Stoll Theatres Corporation* meeting, after discussing the opportunities for selling certain properties, commented at some length on the entertainments tax burden. The increasing demands of labour and the problems of equipment were put among the chief difficulties of the *Mexican Railways*. There were few signs of a recession in prosperity, but the general situation in the U.S.A. required close attention. The chairman of *Consolidated Tin Mines of Burma* referred to the benefit which the company derived from an exceptional price for wolfram. An appreciable improvement in the value of the ground dredged was among the points made at the *Killinghall Tin* meeting.

THE WEEK IN THE MARKETS

THE STOCK EXCHANGE

SETTLING DAYS

TICKET: JANUARY 4

ACCOUNT: JANUARY 6

BUSINESS on the Stock Exchange in Christmas week is always subdued, though spirits usually are not. This week has proved true to tradition in the first respect, and the committee, by deciding to close the doors of the "House" at 2 p.m. on Christmas Eve, have indicated that the light-hearted may indulge their seasonal humours off the floor. Postal delays have upset the normal routine of brokers with country connections, and business has been too thin to occupy the full attention of members.

Gilt-edged remained steady, though business was small. A small amount of end-year selling was comfortably absorbed. The eager subscription of the Coventry loan, which opened at a small premium on Wednesday, assisted the market, and recent new scrips tended to improve.

Among foreign bonds, Brazilian issues were nervous since no statement is yet available about the Government's intentions regarding the debt service as a whole, and the interest payments due next month. Japanese bonds reflected the diplomatic tension, though Chinese issues remained steady. A little support for the Belgian scrip raised the price to 1½ discount.

Home rails received little support at first, and the traffics encouraged no new interest. The Argentine rail market, having long awaited an official increase in freight rates, was inclined to criticise its inadequacy, in advance of official publication.

Limited trading in the industrial markets concealed few features. Trans-Atlantic issues inclined to improve, in company with Wall Street. Steel shares opened well, though the early prices were not fully held. The motor share market gave an impression of greater firmness, though business was too small to move prices appreciably in either direction. A certain provincial demand for brewery shares was reported, and Distillers improved further. Tobacco shares, however, tended to ease. Early dividend hopes brought support for Woolworth, but it was not maintained. Absence of specific trend, indeed, is evident in every section of the market, from shipping shares to the miscellaneous leading industrials. The tone, however, has remained firm throughout.

In the oil market, the latest cables from Mexico City (discussed on page 650) have seriously affected the "twin Eagles." Some demand for Royal Dutch and Shell gave way to profit-taking later. Apex (Trinidad) improved on the 32½ per cent. final dividend, making 45 per cent. for the year, against 35 per cent. Little interest was taken in rubber shares, but tea shares were slightly better.

Although Kaffirs remained firm, business was subdued, and a certain amount of professional business was not sufficient to keep the market active. Some of the Far West Rand developing mines went ahead, however, led by West Wits, but the dividend paying shares were only steady. Rhodesian copper issues were slightly better, and some tin shares improved despite the lean turnover.

"FINANCIAL NEWS" MARKET INDICATORS

	Dec. 15	Dec. 16	Dec. 17	Dec. 20	Dec. 21	Dec. 22
Approximate total of bargains recorded in S.E. List Corresponding day 1936.....	6,010	6,440	6,750	5,995	5,100	5,400
.....	10,976	11,233	10,574	11,503	9,003	8,108
SECURITY MOVEMENTS						
Index of 30 Ordinary Shares (July 1, 1935=100).....	96.3	97.2	97.5	97.4	97.5	97.5
Index of 20 Fixed Interest Securities (1928=100).....	128.8	128.9	128.9	128.9	129.0	129.1

Highest 1936: Ordinary Shares 124.9 (Nov. 18); Fixed Interest 138.8 (Feb. 10).
Lowest 1936: Ordinary Shares 107.4 (Jan. 2); Fixed Interest 136.2 (Sept. 23).
Highest 1937: Ordinary Shares 124.8 (Jan. 4); Fixed Interest 136.6 (Jan. 4).
Lowest 1937: Ordinary Shares 93.1 (Nov. 22); Fixed Interest 126.0 (Sept. 8).

OTARD'S EST. 1795
V.S.O.P.
LIQUEUR BRANDY

MATURED AND BOTTLED AT CHATEAU DE COGNAC

NEW YORK STOCK EXCHANGE

IN the short session at the end of last week some good rises were recorded, and the close left the general price level at the highest for the week. On Monday this week the Dow Jones industrial index gained more than two points in a fair turnover of 1,460,000 shares. Steel and electrical shares led the market. A further gain was made later, despite some profit selling and a certain amount of disappointment with the adjournment of the House Committee on taxation without any concrete proposals. There was speculative support for shares likely to benefit from armament expansion, and some solid buying in the chemical group. Utilities did not respond to the renewed discussion between leaders of the industry and the President. Some improvement in tone was evident in the bond market this week. Industrial news suggests that the recession may be at its bottom; Treasury officials profess to see a turn at the end of this month or January. The Iron and Steel Institute's estimate of steel mill activity for the current week is 23.5 per cent. of capacity against 27.4 for last week; since this week's figure does not allow for the holiday, the rate is regarded as maintained.

TOTAL DEALINGS IN NEW YORK

	Dec. 15	Dec. 16	Dec. 17	Dec. 18*	Dec. 20	Dec. 21
Stock Exchange—						
Shares (No. Thous.)	930	1,030	790	500	1,400	1,280
Bonds (Thous. \$) ...	7,480	7,510	7,260	3,910	8,600	9,430
Curb—						
Shares (Thous.) ...	214	214	228	112	268	248

* Two-hour session.

CAPITAL ISSUES

THIS week's only public offer was an issue of £1½ millions of 3½ per cent. stock by *Coventry*, redeemable 1960-64, at £101 per cent. These now familiar terms are tending to attract the stags, and the issue had a good reception. Particulars of new industrial capital are limited to statements for information only. *C.L.R.P. Investment Trust* has placed a line of 4 per cent. debenture stock at 99, while particulars of 6 per cent. preference shares are published on behalf of *Wolverhampton Die-Casting Company*. Statements have also appeared on behalf of *Forton Trust*, *Gloucester and Cheltenham Greyhounds*, and *Heal and Son*. Under the heading "Offer to shareholders only" particulars are given below of the offer by Philip Hill and Partners to purchase *Hawker Aircraft* 5 per cent. preference shares for 24s., or for exchange into one 5 per cent. preference share of *Hawker Siddeley* together with 4s. in cash.

TOTALS OF CAPITAL ISSUES DURING WEEK

Net Sales of National Savings Certificates, Week ended December 18, 1937, Dr. £100,000.

	Nominal Capital	Conversions	New Money
To the Public.....	1,500,000	£	1,515,000
To Shareholders only.....	177,770	£	325,465
By Stock Exchange Introduction.....	Nil	£	Nil
By Permission to Deal.....	72,401	£	72,401
Total Capital Raised—			
Including Conversions			
1937 (New Basis) ...	519,584,729	458,056,701	
1937 (Old Basis) ...	310,103,661	251,642,012	
1936 (New Basis) ...	642,017,245	494,139,765	
1936 (Old Basis) ...	385,353,216	255,570,993	
January 1 to date (Old Basis)—			
1935	548,351,395	236,147,637	
1934	410,680,315	168,808,700	
1928	538,263,908	363,882,925	
Total offered for Subscription—			
Including Conversions			
Whole Year (New Basis)—			
1936 ...	642,017,245	494,139,765	
1935 ...	698,313,125	357,525,440	
Whole Year (Old Basis)—			
1936 ...	402,470,003	255,570,993	
1935 ...	548,351,393	236,147,637	
1934 ...	410,680,300	169,108,700	
1933 ...	467,921,500	244,780,500	
1928 ...	683,000,058	369,058,073	

Destination of Capital (Excluding Conversions)

	United Kingdom	British Empire (excluding United Kingdom)	Foreign Countries	Total
January 1 to date—				
1937 (New Basis)	387,530,638	63,417,704	7,108,359	458,056,701
1937 (Old Basis)	223,169,096	21,130,416	6,342,500	251,642,012

Nature of Borrowing (Excluding Conversions)

	Debentures	Preference	Ordinary	Total
January 1 to date—				
1937 (New Basis)	229,616,672	30,672,931	197,787,098	458,056,701
1937 (Old Basis)	169,339,824	19,523,640	62,778,548	251,642,012
1936 (New Basis)	184,255,833	41,580,731	268,303,201	494,139,765
1936 (Old Basis)	160,521,118	24,423,647	70,626,230	255,570,993
Whole Year (Old Basis)—				
1928	212,917,900	45,062,800	111,177,800	369,158,100
1933	222,064,300	12,733,700	9,982,500	244,780,500
1934	102,769,300	21,461,000	44,878,400	169,108,700
1935	167,185,509	31,686,741	37,285,387	236,147,637
1936	160,521,118	24,423,647	70,626,230	255,570,993
Whole Year (New Basis)—				
1935	193,599,713	48,806,822	115,118,905	357,525,440
1936	184,255,833	41,580,731	268,303,201	494,139,765

PUBLIC OFFERS

Coventry Corporation.—Issue of £1,500,000 3½ stock at 101; redeemable May, 1964, or from 1960 on notice. A trustee stock. Ranks with other stock. Proceeds to repay short-term debt. March, 1937: population, 194,100; rateable value, £1,378,430; rate, 13s.; net outstanding debt, £8,101,031 (of which £5,771,749 productive). Trading undertakings, £2,885,472, with profits before debt service of £487,537, or £315,779 after sinking fund. Lists closed 9.35 a.m., December 21st.

BY STOCK EXCHANGE INTRODUCTION

C.L.R.P. Investment Trust.—Particulars of issue of £150,000 4 per cent. debenture stock which Messrs. Cazenove Akroyds and Greenwood and Company have purchased at 99, less ½ per cent. commission. Redeemable at par 1968, or on notice at 102½, 1943-53, or at 101 to 1963. Further stock ranking *pari passu* can be issued up to two-thirds of share capital.

Wolverhampton Die-Casting Company.—Particulars of issue of 110,000 6 per cent. cumulative 10s. preference shares. Specialises in pressure die-castings. Net assets, £89,024, acquired for £95,000 (goodwill £5,976) in 90,000 10s. preference shares and 199,600 5s. ordinary shares, and £100 cash. Net profits before depreciation, managing directors' remuneration, and interest, years to March 31, 1935: £13,225; 1936, £16,380; 1937, £23,084.

Forton Trust, Ltd.—Issued capital 100,000 £1 shares. Invests in Stock Exchange securities. Total assets, June 30, 1937, £121,161. Profit, year to June 30, 1937, £5,901. Dividends, per cent., paid years to June 30: 1935, 4½; 1936, 5; 1937, 6; credit balance forward after these dividends: £5,097, £5,630, and £7,006, respectively.

Gloucester and Cheltenham Greyhounds.—Issued capital 151,100 2s. shares and 73,900 8 per cent. cumulative convertible 2s. preference shares. Incorporated 1932; greyhound racing track and sports stadium. Total assets, £31,022. Net profit, year to September 30, 1937, £2,762 (after allowing £756 depreciation).

Heal and Son, Ltd.—Issued capital 126,450 £1 ordinary shares, 35,107 6 per cent. cumulative £1 preference shares and £27,300 5 per cent. debentures (secured by sinking fund policy maturing 1944). House furnishes since 1810. Net profits (after interest and depreciation): 1934, £18,857; 1935, £16,942; 1936, £20,136. Total assets, December, 1936, £313,899; net assets exceeded £268,000.

BONUS SHARES

Associated Motor Cycles.—A bonus of one ordinary share for twenty now held is to be distributed.

ISSUES TO SHAREHOLDERS ONLY

Offer to Shareholders in Hawker Aircraft, Ltd.—A circular letter has been sent to preference shareholders of Hawker Aircraft, Ltd., dealing with an offer by Messrs. Philip Hill and Partners, Company to purchase the 5 per cent. redeemable cumulative £1 preference shares in Hawker Aircraft, Ltd., at 24s. cash, or at holder's option, for 4s. cash and one 5 per cent. cumulative £1 preference share in Hawker Siddeley Aircraft Company (ranking from February 1, 1938). Holders are reminded that the Hawker Aircraft preference shares can be redeemed from January, 1939, at 22s. 6d.

Drage's Limited.—A cash offer is being made by Ocean Trust Company of 17s. per £1 preference and 3s. 7½d. per 10s. preferred ordinary in Drage's, Ltd., subject to acceptance by not less than 90 per cent. of each class, or such lesser amount as the purchasers may be willing to accept. As part of the deal, Debenhams will transfer to Ocean Trust, without cash payment, its ordinary shareholding in Drage's, being not less than 1,683,365 out of 2,000,000 shares.

Wright's Ropes.—Issue of 30,000 new, £1 ordinary shares at 27s. 6d. to existing holders of 150,000 as at 13th December, in proportion of one in five.

Key Glassworks.—Ordinary shareholders are to be offered a further 13,323 £1 7 per cent. preference at 23s., in proportion of one for ten held.

New Kleinfontein Company.—Issue to shareholders of 134,447 £1 shares at £2 per share.

OIL OUTPUTS

THE BRITISH BURMAH PETROLEUM COMPANY, LTD.—Production of crude oil by this company, 40,278 barrels for November, 1937.

BRITISH CONTROLLED OILFIELDS, LTD.—Production for week ended December 11th: Western Area, 13,178 barrels; Central Area, 2,389 barrels; total, 15,567 barrels. Production for week ended December 18th: Western area, 12,794 barrels; Central area, 1,894 barrels; total, 14,688 barrels.

THE MEXICAN EAGLE OIL COMPANY, LTD.—Production for the week ended December 11, 1937, was 685,000 barrels.

TAMPICO OIL, LTD.—The total production from the Company's properties in Mexico for October was 13,172 barrels, in respect of which the royalty due to Tampico Oil, Ltd., amounted to 988 barrels. Total production during November was 12,715 barrels, in respect of which the royalty due to Tampico Oil, Ltd., amounted to 954 barrels.

TRINIDAD PETROLEUM DEVELOPMENT COMPANY, LTD.—Production for week ended December 11th: 47,766 barrels. Production for week ended December 18th: 50,003 barrels.

COMPANY MEETINGS

BANK OF NEW SOUTH WALES

CONDITIONS IN AUSTRALIA AND NEW ZEALAND

SIR THOMAS BUCKLAND'S ADDRESS

The ordinary general meeting of the Bank of New South Wales was held, on November 26, 1937, at the Head Office, Sydney.

Sir Thomas Buckland, president of the bank, was in the chair, and, in the course of his speech said:—

I have the honour on this occasion to present to you the accounts of the bank for the one hundred and twentieth year of its existence.

You will notice that the total of the balance sheet this year has reached the high figure of £123,145,000. This is an increase of £7,900,000 on the figures disclosed twelve months ago. It can be considered an eloquent testimony of the recovery which has continued its progress in the countries we serve and also of the enthusiasm and efficiency of the staff of the bank throughout all grades.

Commencing as I usually do with the items on the liabilities side of the balance sheet, our deposits now stand at £95,876,000, some £6,730,000 higher than last year. This growth is largely the outcome of the better prices our customers have received for their products. The year has also been free of any serious set-back in the shape of a general drought, although individual districts have suffered, some of them seriously.

Bills payable £8,322,000 are £1,182,000 higher than a year ago, the result of increasing trade and a general improvement throughout the community.

Capital £8,780,000 and reserve fund £6,150,000 remain the same as a year ago.

Turning now to the assets side of the balance sheet, our cash items, which stand this year at £16,646,000, are some £5,371,000 higher than at last review. In accordance with banking prudence and in co-operation with the policy of the central bank, our figures show that we have used the improvement to increase the strength and liquidity of our position. It is almost unnecessary for me to remind you of the efforts this bank put forth in the years of difficulty and stress to assist both its own customers and the community at large. As that was the proper policy for those dark days, so is it essential that we should take the first years of prosperous conditions to gain that position of liquidity and strength that would enable us to face with certainty and calm a depression even of the severity of that recently past. I am glad to inform you that the attainment of this great objective is in sight.

Our funds at short call in London are some £600,000 higher at £2,070,000.

Treasury bills standing at £2,630,000 are £4,645,000 less than a year ago, due to the withdrawal of Treasury bills from this bank by the central bank.

Investments in Government securities are £1,270,000 higher at £5,159,000.

Bills receivable and remittances in transit, £7,960,000, are £600,000 higher than a year ago. This is further evidence of increased trade, but its value as an indicator is affected very largely by the time at which our export season opens.

I shall deal later with general business conditions and the view taken by your directors and your officers with regard to the outlook for the immediate future. But it is interesting to point out here that of the increase of £6,700,000 in deposits, some £3,600,000 have been retained, spread among cash and other more or less liquid items, while our loans and advances have grown by £3,980,000 to a total of £80,570,000. This increase is the result of a much greater growth of business than would be revealed by a mere comparison of the balance sheets for this and previous years. Improving conditions have enabled a very large proportion of our customers to lean less heavily upon the bank, creating a tendency for advances to decrease. The growth in our figures, therefore, while giving evidence of the careful policy being pursued by the bank, is a most encouraging evidence of an active and growing business.

This rate of growth has forced upon us the necessity of providing room for the expansion that is taking place in many of our branches, particularly the larger. The increase of £300,000 in the amount standing against bank premises, £2,900,000, represents the outlay on new premises less the proportion which we find desirable to write off year by year.

Contingent liabilities stand at £3,650,000, a small increase on last year.

The balance of the year's profits, £543,000, shows an increase of £73,000 on that of last year. Your directors recommend a payment for the fourth and final quarter's dividend at the rate of 6s. per share in Australian currency.

REVIEW OF CONDITIONS IN AUSTRALIA

Australia's recovery has now reached an advanced stage. Indeed, "prosperity" is the better word to describe the present position. Seasonal conditions are generally good. Prices of our exports, though somewhat adversely affected by the disturbed international situation, are on the whole still satisfactory. The liquidity of the banking system has improved during the year, chiefly on account of the high returns from exports, and the upward trend in business has continued without interruption.

In the "fat years" the commercial and industrial community tends to give way to over-optimism and so to hold exaggerated estimates of future profits. New industrial buildings and plant are constructed to meet a demand for finished goods which either fails to come up to expectations or proves to be short-lived. The greater the disappointment, the more likely is a relapse into a state of pessimism as unjustified as the earlier optimism. In order, therefore, to preserve prosperity as long as possible, it is important to restrain any tendency to over-activity as soon as economic conditions appear which are likely to stimulate unjustified expansion.

Influences of this nature are already seen in Australia. One of the most outstanding is the rapid growth of company profits during last year, a number of large enterprises having registered record figures. Over a wide range of companies the total disclosed profits earned during the year ended June, 1937, were about 18 per cent. greater than those earned in 1935-36, which in turn were about 14 per cent. greater than those of 1934-35.

Such results are likely to encourage an unduly rapid expansion of operations. Another factor which promises to reinforce this tendency is the recent sharp increase in consumers' spending power through the rises in wages awarded in the first instance by the Federal Arbitration Court. We were told that the Court based its judgment mainly upon its opinion that a large rise in wages would tend to damp down any movement towards boom conditions. But it is not unlikely that, at a time when business confidence is high, employers will regard an increase of spending power as a factor which will increase their turnovers and profits. A further stimulus to spending has been provided by remissions of taxation, particularly in New South Wales where a substantial reduction of the wages tax will shortly become effective.

All these changes in the earnings of labour and capital are welcome after the "lean years" of depression. But they appear to be taking place at a rate which involves some danger of generating that state of unwise expansion of activity known as "boom."

Indeed, signs of this tendency have already begun to appear. The value of building permits has risen markedly, unemployment is declining rapidly and industrial unrest is developing. The great increase in the imports of all classes of metals and machinery cannot be entirely accounted for by replacement requirements, and points to a net growth of industrial capacity.

RISING COSTS

The trend of unemployment is particularly important. In New South Wales, where a fairly reliable index is published—no Australian employment statistics are perfectly satisfactory—unemployment has been falling throughout the year and has now reached a remarkably low level. If the usual seasonal trend persists, it will be even lower by the end of the calendar year. The significance of this situation is that it forces industry to employ a large number of men who cannot under any circumstances be classed as efficient, and causes increased competition for the services of those who are efficient. For both these reasons the unit costs of industry are rising as unemployment declines, and therefore prices may soon catch up with higher wages.

These signs of instability are likely to increase as time goes on. In the present financial year we shall experience in addition a major stimulus to industrial activity on account of increased expenditure on defence. It has now become an established principle that, as far as possible, public works should be reduced to a

minimum during periods of prosperity. Yet certain forms of public enterprise often become urgent at times which are inconvenient economically. The most important example is provision for defence which, in the present disturbed state of the world, simply cannot wait. The Commonwealth Government proposes to spend on defence about £A.3.4 millions more in the current financial year than in the previous year ended June, 1937. Much of this expenditure will go to the heavy industries, which are already working to capacity. Necessary government spending, therefore, must be added to the other factors which are tending to encourage the provision of additional capacity.

Another element of danger results from private rather than public initiative. The rise in property values and the increase in the value of building permits issued indicate speculative activity. In New South Wales speculation was recently given an impetus by the Government's encouragement of closer settlement schemes. The co-operative building societies are also creating a wide demand for houses and land. At the same time building costs are rising substantially, and the additions recently made to wages are increasing them further.

Rising costs quickly curtail profit margins unless selling prices can be increased. The existence of higher incomes makes such an increase possible, but a rise in prices soon leads to demand for further wage increases. Then we have a typical inflationary situation requiring continued monetary expansion. This expansion should not be allowed to get out of hand; but as soon as the brake is applied costs overtake prices, and profits decline.

In a prosperous period, therefore, the constructional industries should be watched, since their excessive activity is often the precursor of dangerous boom conditions generally, when capital is expended to cater for a demand which may prove temporary.

I have been dealing hitherto chiefly with the internal factors which might check our prosperity. But it is necessary to watch world conditions as well. When export prices are high, primary producers are as likely as industrialists to develop over-optimism and to increase the scale of their operations, usually with borrowed money. In the event of any material decline in the overseas demand for their products, they too would be confronted with problems of excess capacity.

A fall of the order of 10 per cent. has occurred during recent months in the Australian export price index. This drop is quite serious enough to cause some uneasiness, even though it is due rather to the disturbed world situation than to any basic unsoundness in the marketing position. The statistical factors do not point to any major recession in the prices of primary products in the near future.

NEED FOR CAUTION

The point I am trying to stress is that our present prosperity has certain underlying weaknesses and that we must do all we can to avoid a recession in business activity. The best way to achieve this is to realise that the time for a general advance on all economic fronts has passed. From now on the wise industrialist or primary producer will, before adopting any projects for expansion, consider whether he is at present in a position to stand up to any reduction in turnover or fall in prices. The lean time has, in the past, so often eaten up the fat time that it is caution rather than pessimism which prompts me to plead for fitness as well as mere size in judging our economic assets.

PRIMARY INDUSTRY

Australian primary industry has enjoyed a good year. Production for the most part was well maintained, despite variable weather conditions, and prices were high. Generally the high prices can be attributed to the increased demand characteristic of recovery. In the case of wheat particularly, the large world stocks accumulated during the depression became almost exhausted largely on account of poor harvests in some of the principal producing countries during recent seasons.

The outlook for the current season seems generally satisfactory. Seasonal conditions are fairly good on the whole, and are much better than at the same time last year. Rainfall during recent months has proved of great benefit and provided normal rains are received in the coming months, the outlook for most districts should be a good one.

In the last few years the prices of primary products have risen at a much more rapid rate than those of manufactures and in consequence the terms of trade have become much more favourable to primary producing countries. These countries are now able to obtain a much larger volume of manufactures per unit of their exports of raw materials and foodstuffs than they could during the depression. But in recent months some rather sharp falls have occurred in the prices of some of our most important primary products. At the same time the prices of manufactured goods

have risen, and there are indications that this movement will continue. Thus it seems that our terms of trade, although they may remain quite favourable, are likely to become less favourable than at present.

SECONDARY INDUSTRY

One of the most striking developments which have occurred in Australia since the depression is the expansion of its secondary industries. The increasing activity which I mentioned last year has continued. New capital is being invested in expanding old industries and in establishing new. Plans are proceeding rapidly for expanding the iron and steel industry in response to the shortage of supplies. The manufacture of aeroplanes is about to begin, and plans have been put in operation or are afoot for the production of alkalis, ammonia and nitro-cellulose, newsprint and paper, steel sheets, wood boards, carpets and rayon fabrics.

The pleasing feature of the growth of secondary industry is its increasing ability to meet competition from overseas producers with little or no tariff protection. Certain industries still require considerable protection, but the Tariff Board is exercising its powers wisely and endeavouring to promote further efficiency by constantly revising duties. The result is therefore an increase in the variety of goods manufactured under reasonable rates of duty. The greater diversification in production, by providing a more balanced economy, is securing greater powers of resistance to meet the impact of any future world recession.

We must not, however, overlook the causes of industrial expansion. It is the preoccupation of British manufacturers with armament requirements and the widespread shortage of iron and steel that are leading to the intensive development of Australian heavy industry and its subsidiaries. Capital expenditure on a large scale is involved in expansion both at Port Kembla and Newcastle, and it is proposed to build a blast furnace in South Australia. But armament manufacture cannot be expanded indefinitely and the shortage of iron and steel will not last. In view of these abnormal factors, the present development of industry may lead to surplus capacity unless our industries can develop a satisfactory export market.

NATIONAL STANDARDS LABORATORY

Development of secondary industry is also being urged on other than economic grounds. From the point of view of national defence Australia must necessarily become less dependent on other countries in time of war. Hence the increasing attention which is being paid to the manufacture of all types of war supplies and arises one which will be sound if it is administered liberally and with a readiness to accept new ideas. I refer to the proposal for the establishment of a National Standards Laboratory, which, by securing uniformity in tools and materials, will not only facilitate production for defence, but in time of peace will increase efficiency, reduce waste and protect the consumer against inferior products. But defence needs are often being cited as a justification for uneconomic production. Political expediency and economic efficiency are clashing, and present world tendencies indicate that political requirements are likely to prevail for some time. In the long run the arbitrary establishment of industries can be carried out only at the cost of lower standards of living, although any deterioration may be offset by progress in technical efficiency.

Yet in the present disturbed state of the world we are bound to undertake schemes which will provide greater security, even though they be costly. The developments that are taking place, however, are complicating the problem of national defence. Industrial enterprises are springing up chiefly around the coasts. Probably the time has come when governments should inquire whether there are any areas suitable for industrial activity in the interior of Australia which would not be so accessible to an enemy. The first step which could be taken to prepare inland centres for industrial development is the provision of amenities designed to attract a large number of urban dwellers. Some moves in this direction have been made by one or two States to encourage local and electricity supply.

OVERSEA TRADE AND BALANCE OF PAYMENTS

Following the general world trend, Australian overseas trade for the year ended June expanded considerably. Exports were greater than in any year since 1928-9, but imports have not attained their pre-depression level, although they have increased considerably. The large export surplus of £87,359 millions is very satisfactory, as it opens the way for an increase in desirable imports and for the building up still further of Australia's international balances which were drawn upon so freely and wisely in the early days of the depression.

The result of all overseas transactions was an appreciable increase in Australia's international balances. It is reasonable to hope that some part of these will remain to help rebuild our reserves to the level of pre-depression years. To achieve this desirable object will need great patience, as any attempt to force the building up of these balances might have an adverse effect on the continued development of Australia.

EMPLOYMENT AND WAGES

A striking improvement in economic welfare has occurred during the year. The revival of trade has resulted in a remarkable increase in the number employed, which is now higher than pre-depression levels. At the same time, the rapid rise in wages, made possible by the general improvement in economic conditions, has raised materially the incomes enjoyed by large numbers of workers. These factors combined have been responsible for an appreciable rise in the standard of living.

BANKING

The considerable improvement in overseas trade is reflected in an improved banking situation. The cash position eased, and, despite a noticeable growth of deposits, the trading banks' percentage of cash to total deposits was restored from 10.57 per cent. during the September quarter of 1936 to 12.01 per cent. during the corresponding quarter this year. Thus the stringency to which I drew attention last year is passing.

Advances have remained substantially unchanged during the past year. The banks have taken an early opportunity of improving their liquidity, realising that in times of prosperity much greater care is required than in adversity.

Indicators point to recovery having reached more or less its maximum, so that we should direct our thought and our efforts to pursuing policies that will conserve and maintain prosperity for as long as possible. With the continual growth of knowledge and experience much more can be done in this direction than could be done five or ten years ago.

It is incumbent upon the banks as their contribution to the maintenance of prosperity to exercise considerable caution in considering applications for accommodation, particularly those for the financing of extensions of capital equipment. The time has come when they should, in the interests of the community, become increasingly selective in advance business, even though this may involve smaller profits.

PUBLIC FINANCE

Continued economic improvement throughout Australia is reflected in the public accounts. As recovery has proceeded, the need for public works expenditure as a stimulus to employment has been lessened and Governments have accordingly been able to reduce their loan programmes.

The somewhat unsatisfactory results of the conversion loan last June should not be taken as evidence of any weakening in Australia's credit overseas, nor should there be any doubt or hesitancy about the position within Australia. Sinking fund payments have been made punctually throughout the whole of the crisis. For the last financial year they amounted to £A9.7 millions, and in the current year will be still higher. In view of this satisfactory record, and the success of large conversion loans in the past, the conversion of £A72.7 millions of war debt, falling due in Australia in December, 1938, should be accomplished with ease.

CONDITIONS IN NEW ZEALAND

The prosperity of New Zealand is almost entirely dependent upon the returns obtained from the sale of primary products overseas. It is therefore encouraging to note that the Dominion has enjoyed an extremely good export year, the value of exports for the year ended June, 1937, being 20 per cent. greater than that for the previous year. While wool was responsible for the major part of the increase, the returns received for most important commodities improved.

These increased returns have stimulated general economic activity within the Dominion. Evidence of greater prosperity is afforded by the increase of private motor vehicles registered, radio licences, totalisator investments, and the like. Indicators of commercial activity, such as bank debits and sales tax collected, point in the same direction. These favourable circumstances have enabled the Government to continue its general policy, and have disguised for the present the inevitable consequences of giving hostages to fortune.

The report and accounts were unanimously adopted.

Copies of the full address, from which the above extracts have been taken, may be obtained from the Bank of New South Wales, 29 Threadneedle Street, London, E.C.2.

CARRERAS, LIMITED

RECORD PROFITS

HIGH QUALITY OF PRODUCTIONS

The thirty-fourth annual general meeting of Carreras, Limited, was held, on the 20th instant, at Arcadia Works, Hampstead Road, London.

Mr Edward S. Baron (chairman and managing director), after extending a welcome to the three new members of the board—Mr William Codrington, Sir Francis Humphrys and Mr Mark Patrick—said that the accounts showed a net profit of £1,351,596, which constituted a new record in the history of the company. The directors proposed to allocate a further £50,000 to the contingencies fund, making it £200,000, and £15,000 to the female pensions fund, and recommended dividends for the year on ordinary, "A" ordinary and "B" ordinary shares at the rate of 35 per cent., of which 15 per cent. had been paid; the balance remaining to be carried forward would then amount to £1,026,671. He would remind shareholders that this 35 per cent. was equivalent to 49 per cent. on the capital as it was in 1936. The policy of the company had always been to combine the maximum of progress in the industrial and commercial field with a cautious and conservative attitude in the matter of finance, and he did not think that anyone looking back over the company's history would venture to deny that this policy had proved itself successful. In spite of rumours of impending slump—and he could see no solid foundation for them—this country to-day was in many respects more prosperous than it had ever been in the course of its long history. It was true that the foreign situation gave cause for serious anxiety, but here at home times were good and, in his personal opinion, they were likely to remain so for some considerable time.

The large stock of tobacco leaf was of exceptional quality and would enable them to maintain without variation the very high standard of their brands, and their stock equalisation policy was a protection from violent movements in the price of leaf tobacco.

INCREASED SALES

Both home and export sales had shown an increase during the year, and by the maintenance of the high quality of their productions, fullest value to the consumer, and a progressive sales policy, he saw no reason why the company should not continue to enjoy a fair share of consumption, which was still showing a reasonable increase both at home and abroad.

Shareholders would be aware that this business was world-wide, and the familiar red packet or tin of Craven "A" cigarettes and that old-fashioned pink-labelled tin of Craven Mixture tobacco were to be found wherever one travelled. It was no easy task to achieve world-wide distribution under the present difficult conditions, with every kind of restriction hampering trade in different countries; but they had an excellent organisation controlled from Arcadia Works, with resident representatives in different parts of the world. They endeavoured to adapt themselves to the conditions in the different countries where they traded, and he was happy to say that they supplied all the principal Government monopolies in foreign countries.

The Australian associated company had had a very successful year and showed an increase in profit and dividend over the previous year. In the home trade competition continued to be no less than in the past, but he thought they could claim to have obtained at least their fair share of the market, and they would make every effort to continue to do so.

WELFARE OF EMPLOYEES

They would already be aware of the provisions of the superannuation fund for men. In addition to that there was the dependants fund, for which a sum was set aside each year to relieve cases of hardship among the dependants of any man who might die in the company's service. This year, moreover, they had instituted a female pensions fund which would ensure a pension of £1 a week to those women employees who remained with them till the age of fifty-five, with an increase of that amount based on retiring salary. In addition, he was confident that shareholders would approve of them meeting the cost of the free medical attention, the convalescent home treatment, the full pay for annual and statutory holidays, and the social facilities which were available to all employees.

Since the commencement of the new financial year their sales showed an increase over the corresponding period last year and, providing nothing unforeseen occurred, the directors felt confident of the future.

The report and accounts were unanimously adopted.

STOLL THEATRES CORPORATION, LIMITED

BURDEN OF THE ENTERTAINMENT TAX

EFFECT ON EMPLOYMENT

SIR OSWALD STOLL'S VIEW

The ninth ordinary general meeting of the Stoll Theatres Corporation, Limited, was held on December 22nd at the London Coliseum, St. Martin's Lane, London, W.C.

Sir Oswald Stoll (chairman and managing director) presided.

The Secretary (Mr Roland J. Bentley) having read the notice convening the meeting and the auditors' report.

The Chairman said: Ladies and gentlemen,—I rise to move the adoption of the report and accounts, which I assume may be taken as read.

After comparing each item on the balance sheet with last year's, the Chairman continued:—

On page 3 of the directors' report last year the following paragraph appeared: "A review of the present position shows that after allowing for the amount included in the before-mentioned sum of £2,769,775 in respect of the main Alhambra properties, furnishings, etc., recently sold by The Alhambra Company, Limited, also for all other proper deductions, there remains a figure approximately equal to the par value of the issued ordinary and management share capital of this company, after excluding ordinary shares in this company held by subsidiaries."

The position as at September 30, 1937, has again been considered in collaboration with the auditors of the company, and the question of a consolidated balance sheet has been dealt with. The conclusions arrived at are embodied in the summary of figures set out on page 3. My own view is that the assets in that summary are placed at figures too low, but I suppose I am like the American who says "in units of measurement there are dollars and Roosevelt dollars." At any rate the figures are good.

QUESTION OF SELLING THE PROPERTIES

There has been a suggestion that as the properties are of such value and we are not receiving dividends from them, why are they not sold and the money returned to the shareholders. As to this, I say if that could be done I personally should be one of the principal parties to benefit. I would receive a very large sum of money and free myself from the anxiety which management naturally entails. The full paper premium at which my shares and your shares in the subsidiaries were sold to this company would then be realised. There have been various willing buyers of the properties who would pay the price for them if they had the money. The truth is that they have not had the money. The uncertain conditions which have prevailed in finance have caused real values and prices to be disregarded, but these unfavourable conditions are disappearing.

We expect, however, to be able to utilise our credit balance for dividends before buyers with money come into the field.

A new theatre is born in plays like "St. Moritz" at the Coliseum, and an ice show has been started at Leicester. Large sums of money have been spent at the Leicester Palace Theatre and the Stoll Picture Theatre, Kingsway, in order to facilitate the production of ice shows, and in my opinion substantial profits will accrue from such expenditure. More will be done in due course at other of our theatres.

EFFECT OF TAXATION

Meanwhile, it is a fact that but for taxation, which is harmful, and exemption from which is long overdue, we should have been paying dividends now and should never have been out of the dividend-paying list. Mr A. P. Herbert, M.P., made an appeal in the House of Commons in the last Budget debate. He spoke of the entertainments duty with knowledge and experience. His appeal made a deep impression on the Chancellor of the Exchequer, who asked him for certain information to be provided for consideration in the coming year.

For investors in Entertainment Securities the present hour may be the darkest hour before the dawn. If the Chancellor were to wave his wand of common sense he could give stability to those securities by relieving the theatres which they represent from the burden which they have to carry in the shape of the present unfair and discriminatory entertainments duty. If the theatre stage were made exempt from entertainments duty, theatres would make profits, performers would multiply. Instead of one star, many stars would appear in the theatrical sky.

The flow of favourites would no doubt gravitate to the picture studios, but only to be replaced by others on the stage as fast as they were needed. The vast cinema industry would be able to fill its screens with attractive pictures instead of being compelled to show the same picture in two cinemas within a few yards of one another.

A TAX ON EMPLOYMENT

The entertainments duty in this country is not recognised as a tax on employment. Nevertheless it is so. It does not result, as in Hollywood, in rich artistes having too much work, but it does result in all kinds of artistes having little or no work.

No one can truly say that entertainments duty as imposed on entertainments of the stage, where the living artiste is present in person at every performance, is not a tax upon employment. The case of the production theatre ought to prove that it is. A production may cost in materials, charges and rehearsals £15,000. The curtain rises upon it. The theatre is crowded. Public and Press applaud it. It runs for weeks to full houses and everyone looks upon it as successful. Suddenly it is withdrawn and the public are blamed for not having supported it. The public, however, did support it, but the Board of Customs took the vital receipts.

TAKINGS AND COSTS

The performances struggle along because good houses register no loss on the weekly running costs. But the production costs do not come back. When the time comes for a natural drop in the takings, there is no cash in hand to meet it and the play is suddenly withdrawn. The entire cost of production amounting to £15,000 is lost, and this although a sum equal to £15,000 has been handed over as entertainments duty to the Board of Customs.

If that £15,000 were allowed to remain with the theatre the money would be available for another production immediately and the artistes thrown out of employment would mostly be re-employed in a new production. £15,000 taken by the Board of Customs means that to embark upon such a production, even one which is successful, is no more than to ensure that the persons engaged upon it shall be thrown out of work unless the finders and losers of the original £15,000 are prepared to put up more money for continuous losses.

The fact that £15,000 of receipts are taken by the Board of Customs has the natural and obvious effect of ruining the life and continuity of the business.

There is no way out of this particular dilemma except by exemption, until the production costs shall have been first recovered, of every stage production from entertainments duty. This would, at any rate, afford a partial relief, though I and others in the business contend that the real way is to abolish entirely the stage entertainments duty.

Even if there were such partial relief, I am sure that there would be more productions; that more artistes would be employed and that the duty would escape its most vicious form of being not only a tax on employment but a tax which stamps out employment.

NEED FOR NEW PRODUCTIONS

A constant flow of new and good productions is needed by theatres: a constant flow of new and good pictures is needed by cinemas. The second can only arise out of the first, which provides the personnel to bring the characters in books and plays to life. These are the amusements which, as Mr A. P. Herbert believes, are the recreation for the minds of the people. The B.B.C. is no substitute. Without the living stage the B.B.C. would collapse from lack of broadcasting material.

These amusements, and the artistes who are the life and soul of these amusements, are a necessity of the people. Relief should be granted under the pressure of necessity.

THE OUTLOOK

And now, to sum up, I am justified in saying that the assets which our investments represent are good assets; that good trade lies before us; and that new earning power is not only in sight, but is actually taking effect. The whole position and outlook of the company will change for the better and our expectation that our credit balance on profit and loss account may be utilised for dividends is certain to be fulfilled.

I beg formally to move: "That the directors' report and balance sheet at September 30, 1937, and profit and loss account for year ending that date be approved and adopted and that the balance of £109,659 os. 8d. at credit of profit and loss account be carried forward to the current year's accounts."

Mr Douglas McCraith seconded the resolution.

After the Chairman, in reply to a member, had stated that the total entertainment duty paid since its inception by their companies amounted to £3,111,555, the resolution was put to the meeting and carried by a large majority.

The retiring directors were re-elected and the auditors were re-appointed.

BRITISH TAR PRODUCTS, LIMITED

DIVIDEND AND BONUS OF 15 PER CENT.

A RECORD YEAR

MR A. WOOLLEY-HART'S SPEECH

The seventeenth ordinary general meeting of British Tar Products, Limited, was held, on the 15th instant, at the Charing Cross Hotel, London, W.C.

Mr A. Woolley-Hart (chairman of the company) presided, and said:—

Ladies and Gentlemen, since last addressing you there is little to say that is not covered by the report and balance sheet, which to say that the past has been our record year. Since will convey to you that the past has been our record year. Since the year 1923 the company (with one exception) has paid a minimum dividend of 10 per cent. in every year, together with a bonus varying from 2½ per cent. to 5 per cent.—the latter having been paid for the last five years in succession. Your board, however, do not propose to recommend any increased dividend.

VALUE OF FIXED ASSETS

Turning to the balance sheet, the accounts have been made up in the same form as usual, except that in previous years we have given you the value of the fixed assets as they stood in our books after deducting depreciation, whereas this year we have given you the details under five headings before taking off depreciation, which is at the same rate as in previous years, for the current year, which we now show as a separate item, assuming it would be more satisfactory to the shareholders to see it put in this way.

Investments have increased £7,346 at cost, but show a depreciation of £7,271, owing to the great slump in the stock markets generally, which will, no doubt, continue so long as the Stock Exchange is adversely affected by home and international political conditions. This, however, is practically covered by the Investment reserve account. The interest they produce, however, is a pleasing help.

One particular point I think you will be satisfied with is that, following upon £6,000 written off goodwill and contracts last year, we have written off a further £9,000 this year, reducing the original £85,087 to £30,000. On this subject I may say that the value of this item, which we shall continue to reduce as profits allow, has been reinforced by the fact that three undertakings who supply us with the bulk of our raw products have extended their contracts with us for ten years from August, 1948—i.e. to terminate in August, 1958.

It was encouraging, however, to read what the Prime Minister said about the slump—that so many people are speaking about. Personally, I am not over optimistic, but certainly not a pessimist on this subject, and see no inclination towards a slump at present.

PLANT EXTENSION

The reserve for taxation is increased from £6,383 to £8,558, a sum of £2,175 having been added to provide for National Defence Contribution. Additions during the year include boiler extensions, a new sulphur removing plant, tank wagons, welfare rooms, and bath accommodation, etc., at a total cost of approximately £9,000.

It is probable you may have heard that an action brought against us by one of our suppliers was heard last month and decided against us. We are by no means satisfied with this decision, and the question of appeal is now under consideration by our advisers. The matter is still, therefore, *sub judice*, and I am sure you will all understand that, in the circumstances, I cannot say more on this subject at present.

This business has now been carried on for about 22 years. It has never had to stay its hand in improvements or development for want of funds, and has not added to its capital for such purposes. There are no debentures, and, as I explained last year, practically no preference shares. We have built up a reserve in investments outside the business of nearly half its capital. With this, combined with our credit and possibly a debenture issue, should one be necessary, we are quite prepared to buy the controlling interest or make an outright purchase of any thoroughly sound business

upon reasonable terms (which could run with our own), or financially assist in developing coke ovens or by-product schemes to a fairly considerable amount, but we are not open to consider any fantastic terms such as are frequently put forward.

Before sitting down I beg to propose that—

(1) The audited accounts and balance sheet be approved and passed.

(2) That a dividend be declared on the preferred ordinary and ordinary shares of 3½ per cent., making with the interim dividend of 6½ per cent. already paid, a total of 10 per cent. for the year, and a bonus of 5 per cent. on the preferred ordinary and ordinary shares.

(3) That a sum of £9,000 be written off goodwill and contracts, reducing that amount to £30,000.

(4) That a sum of £2,293 7s. 4d. be transferred to general reserve, making that account £5,000, and that the balance of £3,800 11s. 3d. be carried forward.

The resolutions were seconded and carried unanimously.

Mr M. Deacon, the retiring director, was re-elected, and the auditors, Messrs Bryden, Johnson and Company, were re-appointed.

MEXICAN RAILWAY COMPANY, LIMITED

LARGER RECEIPTS

INCREASING DEMANDS OF LABOUR

The one hundred and forty-fifth ordinary general meeting of the Mexican Railway Company, Limited, was held, on the 22nd instant, at Winchester House, Old Broad Street, London.

Mr Vincent W. Yorke (chairman of the company), in the course of his speech, said:—I am sorry to say that I can find very little of an encouraging nature to say to you to-day. The prosperity of Mexico and the good gross earnings which it is bringing us are continuing, but the increasing demands of labour and the deterioration of our equipment by reason of the heavy burden it has to carry are causing us constant anxiety.

As regards the half-year under review, passenger traffic was highly satisfactory, the receipts showing an increase of over P.150,000 and the numbers reaching the high figure of 1,036,000, the highest figure since 1930. Although in 1921 and 1922 we carried considerably higher numbers (indeed, in 1922 the figures reached 1,400,000), it should be remembered that in those days road competition did not exist. Both local and tourist traffic has been good all through the half-year, and we have done our best to cater for tourists by co-operating in the organisation of excursions from the United States and the provision of side trips to Orizaba and Cordoba. Express traffic again shows a decline for reasons which I have already given you, namely, the difficulties in which the company who have subcontracted for provision of these services finds itself. The contract will come up for review at the end of the year, when it is possible that we may find it necessary to take the business back into our own hands.

Goods traffic, with an increase of P.1,124,000, has, I believe, exceeded all previous records in the history of the company. Of this increase as much as P.223,000 is due to traffic in fruit and vegetables, which speaks well for the settled conditions in the lower altitudes and for the purchasing power of Mexico City, and sugar has also brought us an increase of P.367,000. Oil and its products also show an unexpected increase of P.88,000, owing to difficulties incidental to strikes found by the oil companies in working the pipe lines through which much of this traffic normally moves. A remarkable feature of our traffic to-day is that of motor-cars of which we carried no less than 3,808 tons in this half-year, an increase of 1,113 tons as compared with the corresponding half-year of 1936.

Returns of foreign goods imported through Vera Cruz show an increase of 31,000 tons for the half-year, the total figure being 131,000 tons. Of this no less than 57 per cent. moved over our line, and this proportion would have been more if we had had sufficient cars to deal with traffic offered to us.

GROWTH OF WORKING EXPENSES

As against an increase of 17 per cent. in gross earnings there is unfortunately an increase of 11 per cent. in working expenses to record. Some proportion of this increase is due to the allocation of 10 per cent. of our gross receipts to special renewals and is, therefore, automatic in character, while a further proportion is necessarily due to increased services incidental to increased volume of traffic. During the whole of the half-year all engines and rolling stock were fully employed, and the expenses and maintenance, in

The report was unanimously adopted.

In conclusion, the Chairman said he had no doubt that shareholders would be satisfied not only with the advance shown all along the line, but also with the general policy of cautious enterprise being pursued by the board which had secured these results. The report and accounts were unanimously adopted, and the proposals for converting the shares of the company into stock were approved.

The reports and accounts were unanimously adopted.

ARISTON GOLD MINES (1929) LIMITED

GOOD VALUES AND WIDTH AT DEPTH

The eighth ordinary general meeting of Ariston Gold Mines (1929) Limited, was held, on the 20th instant, at River Plate House, London, Mr Francis Allen presiding.

The Chairman, in the course of his speech, said that the capital of the company was increased during the year from £700,000 to £800,000, the whole of which was issued and fully paid, and consequently the final dividend of 2½ per cent. and the interim dividend of 7½ per cent. would be payable on the whole £800,000. They had to be very moderate in their dividends on account of the very heavy capital expenditure incurred during the year and the further expenditure they had ahead of them until the new shaft and the alteration and improvements in their reduction plant were completed.

Their ore reserves were steadily mounting up, and must now be near the 1,000,000 tons mark.

They had informed the mine that the general meeting was being held, and had requested a cable reporting any later developments. The main item of interest cable was that on the 21st level No. 6 crosscut had exposed the reef with an average value of 11.13 dwt. over 19.9 ft., after reducing all high values. That was good news, as it proved that the values and width still held at the deepest point in the mine. They were now in the fortunate position of having a second big ore body. That No. 2 ore body was already exposed for a length of 1,200 ft., and the average value was nearly 6 dwt. over a width of 23 ft. That comparatively new and great ore body was steadily opening in the vicinity of the new shaft, and it set one wondering what ore there might be above the 15th level, where the ground had never been worked.

The sixth level from Anfargah shaft would prove that by driving to the new shaft and the driving of that level might lead to important discoveries. As regarded the Broomassie Mine, he was able to go a step farther than the statement in the report, and tell them that the option would be granted to the Gold Coast Selection Trust, Limited, which would be the predominant partner in any company formed to deal with the property.

The report was unanimously adopted.

AKIM (1928), LIMITED

SATISFACTORY YEAR

The eighth ordinary general meeting of Akim (1928), Limited, was held, on the 21st instant, at River Plate House, London, Mr Francis Allen, J.P. (the chairman of the company), presiding.

The Chairman, in the course of his speech, said: The year under review has been a particularly satisfactory one. I think particularly satisfactory, because in addition to the dividends, we are now able to build up the reserve fund by placing £30,000 to reserve. I think that is a very wise and sound thing to do, because if at any time we have a loss on shares we have got a reserve from which to write it off.

Our principal holding continues to be in Ariston Gold Mines, and Ariston is in a very fine position. You will have your report of that meeting and will be able to read it at your leisure.

Our holdings, in addition to Ariston shares, are all in first-class mining ventures. Mining is, of course, a speculative business, but the slump in the share market was in no way confined to the mining market, nor was it due to industrial conditions. The mines in which we are interested have practically all made excellent progress since our last meeting, but even that good progress did not prevent the lowering of our market valuations. Our mining enterprises are essentially sound and well financed, but since it is proved that share values can be materially lowered, however good the future of the companies, we must take warning from the fact and act accordingly.

As the causes of the trouble are obviously quite beyond control, it is our duty to see that the bad effects on business are minimised as far as possible. To this end we have done our best to avoid the need of selling securities at a price below what we know is their real value; this should, in the end, prove the most profitable course. That really is the essence of our policy. I will not say that the conditions to-day are easier, but the fall in the market prices made us look very carefully at our investments. We have looked at them and we did not find one that we should part with, and we are not prepared to part with shares at prevailing prices. We are in good things and we intend to hold them.

The report and accounts were unanimously adopted, and the payment of a final dividend of 2½ per cent., less tax (making 10 per cent. for the year), was approved.

CONSOLIDATED TIN MINES OF BURMA, LIMITED

A NOTABLE IMPROVEMENT

The ninth annual general meeting of the Consolidated Tin Mines of Burma, Limited, was held, on the 22nd instant, at Winchester House, London.

Mr Reginald Pawle, A.R.S.M., M.Inst.M.M. (the chairman), said that the accounts showed a notable improvement over anything previously achieved in the history of the company. After deducting London office expenses, the results of their operations showed a net surplus for the fifteen months of £56,852.

As to Bwabin, they were indeed fortunate to have located a large alluvial area some 1,500 ft. above sea level, which he believed was capable of providing at least twenty years' profitable surface operations, irrespective of the possibility of eventual underground mining should the veins persist at depth, as they thought they would. The surface workings on other areas such as Hermyingyi and Taungpila, had been heavily drawn upon in the past, and the outputs from that source must inevitably dwindle unless the developments in progress at the lower levels of the former mine disclosed fresh and payable reserves. They hoped, nevertheless, to neutralise any falling off in that direction by the programme instituted at Bwabin, which was comparatively a virgin property.

They were favoured at the present time with an exceptional price for wolfram, due very largely to the increased demand and more especially to the uncertainty of supplies from China, but, if the price now prevailing was maintained, they could undoubtedly look forward to some further improvement in profits during the ensuing year. The prospects for the current year were distinctly favourable, having regard to circumstances generally.

Mr P. E. Day, A.L.A.A., referring to his visit to Burma, said that the general impression he had obtained was a favourable one. The Bwabin property was impressive and, after it was appropriately equipped, should alone be capable of producing from 500 to 600 tons per annum for many years on a highly profitable basis. In his view they could hope that their development and prospecting efforts in a country which still offered excellent opportunities to the pioneer would add to their productive areas.

The report was unanimously adopted.

KILLINGHALL TIN, LIMITED

RECORD RESULTS

The ninth annual general meeting of Killinghall Tin, Limited, was held, on the 21st instant, at the registered offices, 7 Martin's Lane, London, E.C., Mr A. G. Glenister, M.Inst.M.M., presiding in the unavoidable absence of Mr W. Arthur Addinsell, chairman of the company.

Mr Jack Addinsell read the speech which the chairman had prepared:—Gentlemen, the result of last year's working easily eclipsed all previous records. The net profit has advanced from £62,798 to £103,620, and a final dividend is recommended which will make a total of 60 per cent. for the year. The company has paid £25,719 to the Malayan Government by way of royalty, and after meeting our liability for British income tax, and the National Defence Fund, we can take pride in our total contributions to National Exchequers.

There was an appreciable improvement in the value of the ground dredged, the recovery working out at 1.11 lb. of tin ore per cubic yard. The increase in the cost per cubic yard from 2.51d. last year to 3.69d. was due primarily to the necessity for replacements and renewals on the dredge, which has run continuously throughout the year, giving entire satisfaction.

Arrangements have been made for the replacement of the Bucket band for delivery towards the end of next year. A reserve has already been created which at August 31st last amounted to £9,201; therefore the expenditure involved would not be a charge against the year's working.

It is unfortunate that events have caused a severe decline in the market price of tin. The International Tin Committee has decided that for the quarter commencing January 1st the rate of export is to be cut by 40 per cent. This enables mines operating in Malaya to export at the rate of 56 per cent. of their standard assessment as compared with 80 per cent. for the current quarter. This action we must in the circumstances accept as inevitable, and also face the fact that we shall be fortunate if we are able to maintain the same rate of dividend this year. Shareholders should, however, keep in mind that their interests lie in a valuable property, efficiently equipped, and with proved capabilities. The strong financial position is also a gratifying feature.

The report and accounts were unanimously adopted.

SCOTTISH AUSTRALIAN COMPANY LIMITED

SUBSTANTIALLY IMPROVED RESULTS

The annual general meeting of this company was held, on the 17th instant, in London.

Mr J. C. Inglis (chairman and managing director), in the course of his speech, said:—A year ago the profit showed a substantial improvement on those for the previous year, a loss of over £60,000 having been transformed into a profit, after meeting debenture interest and all revenue charges, of £25,451.

Great, however, as that improvement was, it was not sufficient to enable us to meet the dividends on our guaranteed stocks, apart from any dividend on the ordinary stock, but we were fortunately able to resort to a reserve which had proved to be no longer required, and with this assistance not only to pay the guaranteed preference stock dividends and a dividend of 4 per cent. on the consolidated ordinary stock, but, in addition, to carry forward a sum of over £4,000.

It is a pleasure to all of us to report to you a further substantial improvement, for compared with the profit of £25,451 9s. 1d. year ended June 30, 1936, we have the figure of £74,924 4s. 1d. year ended June 30, 1937, perhaps, why in these circumstances

You may ask, therefore, in their prudence decided to recommend a dividend of only 5 per cent. on the consolidated ordinary stock. The answer to this is that the wool prices which prevailed during the past year have, since last July, suffered what I think I may call an inexplicable and unjustifiable decline. This became particularly marked in the month of November, though since then I have been glad to note some improvement.

What, therefore, the directors had in mind was that in view of this decline in prices it was prudent to pay just 5 per cent. on the consolidated ordinary stock, and to increase the carry-forward from £4,426 to £22,350.

We have still a large amount of wool for sale, which we are hopeful will be realised at improved prices, so that at least the increased volume of wool may offset any decrease in prices.

As regards weather, I am hopeful that in the very near future we shall receive news that all our stations have received the necessary rainfall.

The report and accounts were unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended December 18, 1937, amounted to £14,884,000, against ordinary expenditure of £20,901,000. After increasing Exchequer Balances by £85,300 the operations for the week, as shown below increased the gross National Debt by £6,332,000, to about £8,281 millions.†

† Including £575 millions on account of Exchange Equalisation Account.

		(000's omitted)	
Treasury Bills	+ 11,907	Bank of England Advances	— 1,500
		Public Department Advances	— 3,675
		National Savings Certificates	— 100
		P.O. and Teleg. (Money) Act	— 300
	+ 11,907		— 5,575

An approximate analysis of the National Debt as at September 30, 1937, appeared on page 41 of *The Economist* of October 2nd.

		Receipts into the Exchequer from			
REVENUE	Estimate for the year 1937-38	April 1, 1936, to Dec. 19, 1936	April 1, 1937, to Dec. 18, 1937	Week ended Dec. 19, 1936	Week ended Dec. 18, 1937
ORDINARY REVENUE					
Inland Revenue—	£	£	£	£	£
Income Tax	228,150,000	72,529,000	84,759,000	467,000	1,045,000
Sur-tax	58,000,000	8,230,000	9,470,000	390,000	480,000
Estate, etc., Duties	89,000,000	60,620,000	65,040,000	1,970,000	1,910,000
Stamps	29,000,000	17,710,000	15,530,000	500,000	340,000
National Defence Contribution	2,000,000	...	33,000	...	12,000
Other Inland Revenue	1,500,000	140,000	450,000	...	30,000
Duties	467,650,000	159,229,000	175,282,000	3,327,000	3,817,000
Total Inland Revenue					
Customs and Excise—					
Customs	219,850,000	153,146,000	161,142,000	3,611,000	3,967,000
Excise	113,150,000	82,900,000	86,800,000	5,900,000	6,600,000
Total Customs and Excise	333,000,000	236,046,000	247,942,000	9,511,000	10,567,000
Motor Vehicle Duties	34,000,000	11,232,000	11,360,000	...	500,000
Post Office (Net Receipt) ...	11,800,000	11,900,000	12,080,000	600,000	...
Post Office Fund	1,350,000	1,020,000	990,000	...	...
Crown Lands	4,300,000	3,614,255	4,286,638	...	...
Receipts from Sundry Loans	11,000,000	14,583,283	9,909,449	38,045	...
Miscellaneous Receipts	883,100,000	437,624,538	461,854,746	13,476,045	14,884,000
Total Ordinary Revenue ...					
SELF-BALANCING REVENUE					
Post Office (Revenue required to meet expenditure on Post Office and Broadcasting)...	75,198,000	47,400,000	49,940,000	1,100,000	950,000
Total	...	485,024,538	511,794,746	14,576,045	15,834,000

EXPENDITURE	Issues out of the Exchequer to meet payments from				
	Estimate for the year 1937-38	April 1, 1936, to Dec. 19, 1936	April 1, 1937, to Dec. 18, 1937	Week ended Dec. 19, 1936	Week ended Dec. 18, 1937
ORDINARY EXPENDITURE					
Interest and Management of National Debt	224,000,000	177,123,296	181,251,917	892,316	2,200,700
Payments to Northern Ireland Exchequer	8,000,000	4,423,781	4,891,236	...	...
Other Consolidated Fund Services	3,200,000	1,477,737	1,991,405	...	...
Post Office Fund	300,000	420,529	...	...	...
Total	235,500,000	183,445,343	188,134,558	892,316	2,200,700
Total Supply Services (excluding Post Office and Broadcasting)	£627,348,000	£389,681,79	£39,206,547	£1,650,000	£18,700,000
Total Ordinary Expenditure	862,848,000	572,513,522	627,341,105	12,542,316	20,900,700
SELF-BALANCING EXPENDITURE					
Post Office Vote and Vote for Broadcasting	75,198,000	47,400,000	49,940,000	1,100,000	950,000
Total	...	619,913,522	677,281,105	13,642,316	21,850,700

† Including margin for Civil Supplementary Estimates but excluding £80,000,000 estimated to be met from borrowed moneys under the Defence Loans Act, 1937.

The aggregate issues and receipts from April 1, 1937, to December 18, 1937, are shown below:—

		(000's omitted)	
Ordinary Expenditure	627,341	Ordinary Revenue	461,855
Issue to Exchange Equalisation Fund (July, 1937)	200,000	Decrease in balances—	67
		Gross borrowing	£371,854
		Less:—	
		New Sinling Fund	6,426
		Old S. Fund, 1907-08	9
		Net borrowing	365,419
	827,341		827,341

POSITION OF THE FLOATING DEBT

	Dec. 19, '36	Mar. 31, '37	Dec. 18, '37	Movement week ended Dec. 18, '37
Ways & Means Advances Outstanding:				
Advances by Bank of England	£	£	£	— 1,500,000
Advances by Public Departments	29,370,000	23,535,000	41,595,000	— 3,675,000
Treasury Bills outstanding	819,285,000	674,595,000	939,260,000*	+ 11,910,000
Total Floating Debt	848,655,000	698,130,000	980,855,000	+ 6,735,000

* Includes £15,000, the proceeds of which were not carried to the Exchequer within the period of the account.

† Figures for December 11th should be amended in accordance with movements to December 18th as shown.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £50,000,000 Treasury Bills were opened on December 17, 1937. The amount applied for was £76,790,000. Tenders were accepted for Treasury Bills at three months dated Monday at £99 16s. 8d. and above, in full; Tuesday to Friday at £99 16s. 7d. about 85 per cent. and above, in full. The average rate per cent. was 13s. 9-17d.

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 4, 1935	30,000,000	49,560,000	27,500,000	10 6 1-64
July 5, 1935	40,000,000	60,905,000	40,000,000	0 12 4-32
January 3, 1936	35,000,000	68,075,000	35,000,000	0 10 10-72
July 2, 1936	50,000,000	72,750,000	50,000,000	0 12 1-27
January 1, 1937	40,000,000	75,450,000	40,000,000	0 12 5-63
April 2, 1937	45,000,000	73,025,000	43,000,000	0 10 10-88
July 2, 1937	45,000,000	72,880,000	42,000,000	0 11 0-45
October 1, 1937	50,000,000	84,285,000	50,000,000	0 10 8-92
December 10, 1937	50,000,000	91,500,000	50,000,000	0 15 8-91
December 17, 1937	50,000,000	76,790,000	50,000,000	0 13 9-17

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THE BANKERS' GAZETTE

PROVINCIAL (000's omitted)						
No. of working days:	Week ended		Month of November		Inc. or Dec.	Aggregate Totals January 1 to December 18
	1936	1937	1936	1937		
BIRMINGHAM.....	3,024	2,498	13,757	10,871	-20.9	135,793
BRADFORD.....	803	656	4,646	3,622	-22.0	49,381
BRISTOL.....	1,329	1,326	5,738	5,850	+ 1.9	64,826
DUBLIN.....	5,702	5,375	.....	.....	.....	285,478
HULL.....	901	804	3,500	3,881	+10.8	41,509
LEEDS.....	914	978	3,970	3,745	- 5.6	46,681
LEICESTER.....	730	820	3,322	3,118	- 6.1	36,921
LIVERPOOL.....	7,339	5,824	30,977	27,818	-11.5	317,478
MANCHESTER.....	10,184	9,648	47,438	46,294	- 2.4	516,842
NEWCASTLE.....	1,367	1,450	6,126	6,603	+ 7.7	66,901
NOTTINGHAM.....	528	483	2,198	2,121	- 3.5	25,677
SHEFFIELD.....	1,112	1,107	4,362	4,709	+ 7.9	50,771
	33,933	30,969	125,932	118,132	- 6.1	1,638,258
						1,721,050

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Bank of Turkey appeared in *The Economist* for June 26, 1937. Egypt, in November 27. Denmark, International Settlements, Federal Reserve Reporting Members, in December 11. Australia, Austria, France, India, Japan, Portugal, S. Africa, U.S. Federal Reserve, New York Federal Reserve, Sweden and Latvia in December 18.

BANK OF CANADA.—In \$'s (000's omitted)					
Assets	Dec. 16, 1936	Dec. 1, 1937	Dec. 8, 1937	Dec. 15, 1937	Dec. 22, 1937
	1936	1937	1937	1937	1937
Reserve, of which:					
Gold coin and bullion	192,126	203,003	204,870	204,429	204,429
Investments	179,171	179,631	179,704	179,723	179,723
LIABILITIES	160,163	192,925	190,166	188,158	188,158
Note circulation	127,174	156,125	158,214	160,434	160,434
Deposits: Dominion Government	23,650	28,407	26,233	29,932	29,932
Chartered banks	189,906	200,751	197,367	197,811	197,811
Ratio of reserves to notes and deposit	56.0%	52.6%	53.4%	53.5%	53.5%

REICHSBANK.—In Reichsmarks (000's omitted)					
Assets	Dec. 15, 1936	Nov. 30, 1937	Dec. 7, 1937	Dec. 15, 1937	Dec. 22, 1937
	1936	1937	1937	1937	1937
Gold	66,409	70,456	70,523	70,565	70,565
Of which deposited abroad	28,191	20,299	20,333	20,333	20,333
Reserve in foreign currencies	5,162	5,741	5,569	5,537	5,537
Bills of exchange and cheques	4,645,985	5,546,486	5,361,283	5,240,502	5,240,502
Silver and other coin	160,678	142,293	137,803	137,820	137,820
Advances	56,713	46,079	42,760	42,760	42,760
Investments	522,897	390,954	390,926	390,925	390,925
Other assets	702,217	727,443	736,979	772,098	772,098
LIABILITIES					
Reserves	473,561	492,977	492,977	492,977	492,977
Notes in circulation	4,567,855	5,195,966	5,074,627	5,005,967	5,005,967
Other daily maturing obligations	667,931	765,946	730,254	732,236	732,236
Other liabilities	300,712	324,514	324,985	332,823	332,823
Cover of note circulation	1.57%	1.46%	1.49%	1.51%	1.51%

NATIONAL BANK OF BELGIUM.—In belgas (000's omitted)					
Assets	Dec. 17, 1936	Nov. 18, 1937	Nov. 25, 1937	Dec. 2, 1937	Dec. 9, 1937
	1936	1937	1937	1937	1937
Gold	3,730,426	3,353,950	3,361,896	3,389,585	3,419,540
Silver and other coin	58,138	51,030	52,818	50,514	50,595
Securities	1,363,061	1,261,514	1,266,353	1,266,938	1,270,348
Advances	74,899	37,649	34,957	45,554	38,360
LIABILITIES					
Notes in circulation	4,452,042	4,282,489	4,270,607	4,313,219	4,295,646
Deposits: Govt.	53,511	41,503	26,869	17,023	35,220
Other	809,825	564,104	602,443	551,949	631,915

NETHERLANDS BANK.—In florins (000's omitted)					
Assets	Dec. 21, 1936	Nov. 22, 1937	Nov. 29, 1937	Dec. 6, 1937	Dec. 13, 1937
	1936	1937	1937	1937	1937
Gold	669,533	1,424,334	1,381,658	1,365,841	1,365,841
Silver	19,426	17,583	17,224	16,579	17,582
Home bills discounted	21,991	9,462	26,413	26,170	26,158
Loans and advances	311,531	189,368	190,381	190,428	190,337
LIABILITIES					
Notes in circulation	776,931	865,748	887,632	878,168	882,764
Deposits	267,102	796,586	754,383	744,614	780,412

BANK OF JAVIA.—In florins (000's omitted)					
Assets	Dec. 19, 1936	Nov. 20, 1937	Nov. 27, 1937	Dec. 4, 1937	Dec. 11, 1937
	1936	1937	1937	1937	1937
Gold and silver	105,660	133,120	133,770	133,820	133,120
Discounts, advances and other	71,520	74,786	76,080	80,000	75,980
Investments	1,090	3,160	2,850	3,910	4,430
Foreign bills	29,450	85,560	80,810	73,230	73,720
Other assets	.....	.....	.....	.....	.....
LIABILITIES					
Notes in circulation	162,890	188,100	186,490	189,290	191,620
Deposits and bills payable	32,800	94,260	92,680	87,330	82,880

CENTRAL BANK OF ARGENTINA In paper pesos (000,000's omitted)					
Assets	Nov. 15, 1936	Sept. 15, 1937	Sept. 30, 1937	Oct. 15, 1937	Oct. 31, 1937
	1936	1937	1937	1937	1937
Gold at home	1,224	1,224	1,254	1,284	1,314
Gold abroad and foreign exchange	152	283	226	196	147
Non-interest-bearing Government Bonds	119	119	119	119	119
Treasury Bonds	399	398	398	398	398
LIABILITIES					
Notes	1,026	1,125	1,114	1,119	1,107
Government deposits	138	99	101	98	115
Bank deposits	388	402	401	412	405
Certificates against Treasury Bonds	341	373	373	357	357
Ratio of gold and foreign exchange to note and sight liabilities	88.4%	91.0%	91.2%	90.4%	88.8%

BANK OF LITHUANIA.—In litas (000's omitted)					
Assets	Dec. 15, 1936	Oct. 15, 1937	Oct. 31, 1937	Nov. 15, 1937	Dec. 15, 1937
	1936	1937	1937	1937	1937
Gold	70,664	76,898	76,898	76,708	76,708
Silver and other coins	6,335	11,351	11,439	12,625	13,137
Foreign currency	2,457	2,501	2,499	2,384	1,787
Discounts	87,916	90,845	93,741	92,448	97,429
Advances	12,710	16,827	16,783	16,806	16,965
LIABILITIES					
Bank notes in circulation	110,293	116,733	122,550	120,141	121,474
Current accounts	45,487	55,389	53,433	56,690	58,028
Deposits	29,508	30,856	31,805	25,028	25,329

SWISS NATIONAL BANK.—In francs (000's omitted)					
Assets	Dec. 15, 1936	Nov. 15, 1937	Nov. 23, 1937	Nov. 30, 1937	Dec. 7, 1937
	1936	1937	1937	1937	1937
Gold	2,696,774	2,662,545	2,662,581	2,662,576	2,662,610
Of which held abroad	573,432	721,446	721,446	721,446	721,446
Foreign exchange	54,201	489,749	490,191	490,151	490,164
Discounts	22,999	10,354	10,356	10,421	10,531
Advances	40,614	26,765	26,857	31,686	32,839
Securities	29,490	15,897	15,911	30,449	30,869
LIABILITIES					
Notes in circulation	1,382,028	1,405,141	1,395,692	1,453,494	1,431,675
Deposits	1,373,515	1,782,021	1,794,170	1,755,801	1,776,758
N.B.—Exchange Equalisation Fund and assets included in returns Dec. 31, 1936, onwards at 538,583,653 fcs.					

BANK OF DANZIG.—In Danzig gulder (000's omitted)					
Assets	Dec. 15, 1936	Sept. 30, 1937	Oct. 30, 1937	Nov. 15, 1937	Nov. 30, 1937
	1936	1937	1937	1937	1937
Gold coin and bullion	29,409	28,114	28,118	28,115	28,117
Balance subd. coin	4,327	3,959	3,631	4,260	3,888
Danzig bills	3,151	2,240	2,117	2,071	3,255
LIABILITIES					
Notes in circulation	29,634	34,535	31,689	34,786	32,072
Deposits on demand	10,058	13,647	16,374	12,832	15,495

BANK OF NORWAY.—In kroner (000's omitted)					
Assets	Dec. 15, 1936	Nov. 22, 1937	Nov. 30, 1937	Dec. 7, 1937	Dec. 15, 1937
	1936	1937	1937	1937	1937
Coin and bullion (gold reserve)	118,855	118,839	118,839	118,839	135,271
Balance abroad and foreign bills	84,264	183,034	181,880	182,357	192,622
Funds provisionally placed in gold, not included in the gold reserve	96,211	70,331	70,331	70,331	44,907
Norwegian and foreign government securities	49,057	93,755	93,989	95,798	98,953
Discounts and loans	210,577	120,343	121,847	120,484	119,318
LIABILITIES					
Notes in circulation	418,721	413,893	421,563	422,812	441,092
Deposits at sight	90,590	112,241	106,715	108,102	100,194

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K. (000's omitted)					
Assets	Dec. 15, 1936	Nov. 23, 1937	Nov. 30, 1937	Dec. 7, 1937	Dec. 15, 1937
	1936	1937	1937	1937	1937
Gold	2,590,056	2,566,613	2,582,061	2,608,035	2,614,834
Balance abroad and foreign currencies	479,073	466,457	473,992	465,925	473,205
Discounts and advances	1,814,085	2,178,209	2,154,967	2,287,010	2,389,887
State notes debt balance	2,023,441	2,011,587	2,011,587	2,011,390	2,011,158
LIABILITIES					
Bank notes in circulation	5,893,638	5,818,846	6,440,863	6,359,129	6,242,755
Deposits	553,088	834,291	217,058	428,218	632,967

NATIONAL BANK OF ROMANIA.—In lei (000's omitted)					
Assets	Dec. 5, 1936	Nov. 13, 1937	Nov. 20, 1937	Nov. 27, 1937	Dec. 4, 1937
	1936	1937	1937	1937	1937
Gold and gold exchange	15,741,391	16,299,883	16,312,402	16,343,477	16,365,447
Clearing and other foreign exchange	3,130,196	2,761,342	2,701,063	2,628,278	2,597,824
Commercial bills	6,254,317	6,172,805	6,023,541	5,988,656	5,887,142
Agricultural and urban advances	2,437,711	2,021,866	2,017,923	2,013,749	2,006,799
Treasury bills issued against losses on credit	5,788,887	5,071,262	5,074,015	5,076,458	5,079,083
State debt and advances to Treasury	8,633,095	5,618,628	5,618,628	5,618,628	5,618,628
LIABILITIES					
Notes in circulation	24,812,420	28,172,351	27,962,530	28,110,832	28,335,061
Other sight liabilities	10,911,811	12,033,949	12,043,691	12,190,201	12,069,347
Long-term liabilities	4,504,629	3,274,861	3,268,618	2,829,569	2,812,075

BANK OF GREECE.—In drachmae (000's omitted)					
Assets	Dec. 7, 1936	Nov. 15, 1937	Nov. 23, 1937	Nov. 30, 1937	Dec. 7, 1937
Gold and gold exchange ...	3,334,064	3,606,355	3,581,038	3,602,800	3,618,927
State Gold Bonds	556,944	521,135	521,135	521,135	521,135
Bills discounted	425,888	608,306	608,211	606,964	607,427
Advance	4,369,180	4,887,001	4,750,174	4,751,654	4,871,837
State debt	3,605,111	3,855,571	3,855,571	3,855,571	3,855,571
LIABILITIES					
Notes in circulation	5,976,241	6,678,676	6,570,157	6,510,340	6,504,231
Deposit and current accts.	5,746,281	5,769,985	5,719,695	5,806,406	5,953,846
Exchange liability liabilities	176,096	205,869	171,717		

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

	Great Western	L.M.S.	L.N.E.R.	Southern
Second half-year, 1936, compared with second half-year, 1935:—				
Gross increase or decrease...	+ 491	+ 1,575	+ 751	+ 378
First half-year, 1937, compared with first half-year, 1936:—				
Gross increase or decrease...	+ 670	+ 1,329	+ 1,187	+ 359
Second half-year, 1937, compared with second half-year, 1936:—				
24 weeks to Dec. 18, 1937...	+ 601	+ 1,274	+ 979	+ 323
Weekly average second half 1937...	+ 25½	+ 53½	+ 40½	+ 13½
Latest week 1937 compared with 1936	+ 21	+ 58	+ 25	+ 7

LONDON TRANSPORT

	Takings (before pooling)	Compared with corresponding period of last year
Week ending Dec. 11, 1937	£570,800	+ 5,900
Aggregate 24 weeks to Dec. 11, 1937	£13,472,200	+ 5,300

OVERSEAS RAILWAY RECEIPTS

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

INDIAN

	1937	Rs.	Rs.	Rs.
Assam Bengal	34	Nov. 30, 1,330	15,25,800	1,21,07,531
Bairi L. Ry.	33	20, 202	1,09,400	11,26,900
Bengal & N. Western	30	2,111	10,57,741	55,430
Bengal-Nagpur	34	30, 3,268	25,50,000	2,14,849
Bombay Bar. & C.I.	49	Dec. 10, 3,072	32,43,000	4,57,000
Madras & S. Mahr.	34	Nov. 30, 3,229	19,92,000	1,01,938
Rohilk'd & Kumaon	8	30, 572	11,72,471	7,949
South Indian	32	10, 2,532	19,13,520	36,245,345

CANADIAN

	1937	\$	\$	\$
Canadian National	49	Dec. 14, 23767	3,584,956	153,930
Canadian Pacific	49	14, 17228	2,727,000	5,000

SOUTH AMERICAN

	1937				
Antofagasta (Chili and Bolivia)	50	Dec. 12, 834	£14,800	930	833,340
Argentina N.E.	24	11, 753	£137,500	2,300	3,737,700
B.A. and Pacific	22	11, 2,806	£78,164	9,508	1,877,483
B.A. Central	22	Nov. 27, 11	£88,700	78,700	2,955,800
B.A. Gt. Southern	24	Dec. 11, 5,084	£2,248,000	85,000	47,497,000
B.A. Western	24	11, 1,890	£139,330	10,000	2,946,484
Central Argentine	25	18, 3,700	£142,080	27,341	3,164,377
Central Uruguayan	24	11, 980	£147,845	6,826	3,407,241
Cordoba Central	25	18, 1,218	£24,130	11,420	773,910
Entre Rios	24	11, 810	£214,200	18,300	5,164,484
G. Westn. of Brazil	50	11, 1,092	£12,500	500	403,500
Leopoldina	50	11, 1,918	£20,838	393	1,150,542
Leopoldina Termal.	50	11, 384	£5,249	2,487	144,762
Nitrate	50	11, 274	£4,383,000	101,600	78,304,000
Paraguay Central	24	11, 100	£14,180	12,520	311,525
Salvador	50	12, 153	£25,648	1,074	1,019,353
San Paulo	24	11, 1,353	£14,728	3,276	390,523
United of Havana	24	11, 1,353	£14,728	3,276	390,523

* Converted at average official rate during week ended Dec. 18, 1937, 16 pence to £1.
† Receipts in Argentine pesos. ‡ Fortnight. § Converted at official rate.
¶ Receipts in Uruguayan currency. ** Converted at "controlled free rate."

OTHER OVERSEAS

	1937				
Egyptian Delta Light	34	Nov. 30, 621	£17,918	67	175,981
Railways	49	Dec. 9, 11	£704	1,505	76,810
Egyptian Markets	49	Dec. 9, 11	£282,900	18,000	6,970,800
Mexican Railway	24	11, 483	£12,225	3,407	11,98,833

SUEZ CANAL RECEIPTS

	1937				
Suez Canal	49	Dec. 10, 11	£280,500	24,700	10,228,800

TRAMWAYS WEEKLY GROSS RECEIPTS

	1937				
Anglo-Argentine	50	Dec. 18-67-68	£865,863	21,112	32,161,402
B. Aires Lacrosse	22	Nov. 28, 11	£72,994	584	1,338,431
Bunbury, Colne and Nelson (N. Trapt.	50	Dec. 18-67-68	£5,584	203	56,13,285
Calcutta Tramways	50	Dec. 18, 11	£1,23,408	2,784	1,163,263
Liverpool Corp.	37	15, 11	£32,712	1,677	11,98,833
Madras Electric	49	15, 11	£5,262	3,407	11,98,833

MONTHLY TRAFFICS

Company	Months	Ending	Description	Receipts for Month	Aggregate Receipts
				1937	+ or - 1937
					+ or -
British Columbia Power...	6	Dec. 31	Gross	\$1,287,410	+ 13,174
Manchester Ship Canal...	11	Nov. 30	Gross	\$399,572	- 11,587
Midland Uruguay Ry...	5	30	Gross	\$109,900	- 782
N. Western of Uruguay...	5	30	Gross	\$9,439	- 421
Rangoon Electric...	10	Oct. 31	Gross	\$5,11,789	- 51,066
Uruguay Northern Ry...	5	Nov. 30	Gross	\$7,900	- 3,741

DIVIDEND ANNOUNCEMENTS

Name of Company	* Interim or † Final	Date of Pay-ment	Comparison with Last Year	Total Latest Year	Previous Year
TEA AND RUBBER					
Krubong (Malacca) Rubber	7½%	Dec. 31	...	12	6
Langen (Java) Rubber	5½%	Dec. 18	...	10	10
Makum (Assam) Tea	10½%	Dec. 31	...	15	2½
Rembia Rubber	10½%	...	...	15	2½
United Serdang Rubber	...	...	...	...	...
MINING					
Associated Manganese Mines of South Africa	...	...	First	7½	25
Cape Coast Exploration	112½%	Jan. 17	Same	...	...
Komata Reefs Gold	121½%	...	...	...	...
Paringa Mining	7½%	...	...	...	...
Rand Leases (Vogelstruiffontein)	10½%	Jan. 24	5½%	(c) 20	(c) 10
Sungai Way Dredging	...	...	...	...	...
OTHER COMPANIES					
A. Boake Roberts and Company	11½%	Jan. 5	...	...	...
Albion Greyhounds	17½%	Jan. 6	Same	...	...
Anglo-Alpha Cement	5½%	...	...	...	...
Anglo-Transvaal Collieries	6½%	...	...	...	...
Associated British Picture	10½%	...	7½%	18	20(c)
Associated Newspapers (Def.)	6½%	Jan. 17	Same	20(c)	20(c)
Bassett (Geo. and Company)	5½%	...	Same	...	...
Bolton (Thos.) and Sons	2½%	Jan. 17	18d. p.s.†	12½	20½
Bolton American Tobacco	11½%	Jan. 5	...	15	4(c)
Bulmer and Lamb	13½%	...	...	...	...
Butlins, Ltd.	1½%	Jan. 15	Same	15	11
Caribonum Trust	5½%	...	2½%	24	7½
Champion and Slee	5½%	...	Same	...	...
Crosley (John) and Sons	(a) 5½%	...	Same	(a) 2½	10
East India Distilleries	10½%	Dec. 31	Same	154	5
Eucry (Def. Ord.)	10½%	...	...	...	...
Hollins Mill	17½%	...	...	...	...
Leibig's Extract of Meat	6½%	Jan. 14	7½%	11	110
Lobitos Oilfields	10½%	...	...	...	...
Macleans, Ltd.	10½%	...	...	...	...
McDougall's Trust	4½%	...	Same	11½	11
Mills and Rockley	1½%	...	...	10	Nil
Nathan (Joseph)	1½%	...	Same	50	24
New Brick and Tile (Newhey)	1½%	...	16½%	344	72
Petroleum Storage (Ord.)	200½%	Jan. 31	72½%	12	8
Rheostat Company	5½%	...	4½%	10	10
Rio Claro Investment Trust	6½%	...	Same	2	Nil
Roberts (J. F. & H.)	6½%	...	...	4	2½
Second Scottish United Investors	...	...	...	...	...
Scottish Consolidated Trust	...	...	...	...	...
Shawinigan Water and Power	30-20	Feb. 15	...	...	...
Do. Special Dividend	2½%	...	Same	...	...
South British Investment Trust	12½%	Jan. 1	Same	...	...
Tarakan Oil	12½%	Dec. 31	Same	...	...
Taylor Cash Chemists (Midland)	4½%	...	Same	...	...
Telephone Rentals	1½%	Dec. 23	Same	...	...
United Match (Deferred)	1½%	...	...	50	Nil
Leibig's Extract of Meat	6½%	Jan. 1	Same	...	...
Universal Asbestos	1½%	...	...	...	...
Waddington (John)	(a) 21½%	Dec. 18	Same	...	...
White (A. J.)	5½%	Jan. 1	Same	...	...
Whitworth Son and Nephews	13½%	...	...	...	...

† Free of income tax. (a) Paid on a larger capital. (c) To date.

ASSOCIATED BRITISH PICTURE CORPORATION.—Interim dividend on ordinary shares 10 per cent., against 7 per cent. a year ago. It is stated that profits of the company have been fully maintained.

BEECHAM'S PILLS.—Second interim dividend on ordinary shares of 20 per cent., making 37½ per cent. to date, against 15, making 27½ per cent.

BRITISH INDUSTRIES FIXED TRUSTS—SECOND PORTFOLIO.—Income distribution of 7½d. per sub-unit, tax free, representing income received during the half-year to November 30, 1937. This compares with 6½d., tax free, for the corresponding period a year ago.

HUDSON'S BAY COMPANY.—Half-year's pref. dividend will be paid on January 1st next. (Six years' arrears were paid last April, bringing payment up to December 31, 1936, and further half-year's payment was made last June.)

INDIAN COPPER CORPORATION.—Interim ordinary dividend raised by 1 per cent. to 6 per cent.

LEIBIG'S EXTRACT OF MEAT.—Tax-free final ordinary dividend, 7 against 6 per cent., making 11 against 10 per cent. (all tax free).

LOBITOS OILFIELDS.—Interim dividend of 5 per cent. on account of year 1937, payable January 14th. This compares with nil a year ago, although 12½ per cent. was declared for 1936 with the issue of the accounts for that year. Not since that paid in respect of 1933 has the company declared an interim dividend.

MOUNT MORGAN, LTD.—The directors have decided not to pay an interim dividend for the December quarter, 1937.

NATIONAL FIXED TRUST.—Seventh income distribution on Unit "D," certificates covering period from June 2 to December 1, 1937, at rate of 5-963d. net per sub-unit.

APPOINTMENTS AND PERSONAL

Sir Leonard Lyle has been appointed president of Tate and Lyle, and Mr George Vernon Tate chairman.

Sir Felix J. C. Pole has been appointed chairman of the Milford Docks Company, and Mr J. M. Whittington deputy chairman.

Mr Robert Kelso has been appointed chairman and managing director of The General Steam Navigation Company.

Mr E. Henry Murrant has joined the board of British Airways, Ltd., and Viscount Monsell is to be a Government director.

Sir Richard D. Holt has been appointed chairman of Martins Bank.

Sir Hugh S. Barnes has retired from the chairmanship of the Imperial Bank of Iran, but retains his seat on the board. Colonel Sir A. Henry McMahon has been elected chairman.

The Eagle Star Insurance Company announce that Mr Sydney A. Bennett, F.C.I.I., has been appointed a director as from January 1st next. Mr John Spencer, F.I.A., has also been elected a member of the board. Mr Brian E. S. Mountain becomes general manager.

Sir Alfred E. Lewis is relinquishing his position as a deputy chairman of the National Provincial Bank as from January 1, 1938, as he wishes to be relieved of some of his work in the City. He will retain his seat on the board. The Honourable Jasper Nicholas Ridley has been elected deputy chairman of the bank.

A YEAR'S NEW CAPITAL

(See Leading Article on page 629)

SOME NOTEWORTHY ISSUES DURING 1937

Month Issued	Description of Issue	Nominal Amount	Issue Price	Price Dec. 21, 1937
April...	British Govt. 2½% Defence Loan 1944-48	100,000,000	99½	99½
June...	Australia 3½% Stk. red. 1950-52	112,360,958	96½	96½
Nov...	Australia 3½% Stk. red. 1951-54	111,409,965	97	97
Dec...	Sthn. Rhodesia 3½% Stk. red. 1966	2,250,000	101	101½
Dec...	Belgium (Kingdom of) 4% Stk. 1937	5,000,000	97	1½ dis.
Jan...	London Electric Transport Finance 2½%	9,650,000	92½	91
Jan...	guar. deb. red. 1950-55	4,000,000	101	101½
May...	Leeds Corp. 3½% Stk. red. 1957-60	10,000,000	100½	103½
June...	L.C.C. 3½% Stk. red. 1952-62	2,000,000	par	1½ dis.
Dec...	New Mercantile Investment 1st ord.	1,000,000	94½	93½
Dec...	Do. 4% deb. red. 1958-68	500,000	94½	21/3
June...	County of Lon. Elec. 3½% deb. 1952-72	1,000,000	99	87½
July...	Do. 4% cum. pref. 1st	1,800,000	par	20/4½
Nov...	Odeon Theatres 5% deb.	2,000,000	101	...
Dec...	Hawker Siddeley Aircraft 5% cum. pref. 1st	1,500,000	101	...
Dec...	Coventry Corporation 3½% Stk. 1960-64	...	...	...
Jan...	To SHAREHOLDERS ONLY	1,250,000	13/4	10 3/4d
Jan...	Thomas (Richard) and Company ord. 6/8	1,424,800	40/-	85/6
Oct...	Midland Bank 1st	...	...	...
Aug...	By STOCK EXCHANGE INTRODUCTION	46,500,000	87½d	92
Feb...	British Govt. 3% Tilt Redemption	3,000,000	32/6d	13/6
Feb...	West Rand Investment Trust 10/-	...	...	...
July...	By PERMISSION TO DEAL	6,712,500	86/3d	80/-
Dec...	Anglo-Iranian Oil 1st ord.	1,321,600	22/9d	21/3
Dec...	Union Castle Mail Steamship 1st ord.	...	...	...

† All for conversion purposes. (d) Price at which dealings commenced.

TRANSVAAL GOLD OUTPUT
STATISTICS FOR NOVEMBER 1937

(Revenue calculated on basis of £7 0s. 0d. per fine ounce)

Name of Mine and Group	Tons Milled	Output Fine ozs.	Net Estimated Value	Working Costs	Profit	Working Costs Per Ton
<i>Anglo-American Corporation</i>						
Brakpan Mines	135,500	...	£ 244,506	£ 137,408	£ 107,100	s. d.
Daggafontein Mines	126,500	...	267,429	138,929	128,500	... ..
Springs Mines	149,200	...	301,642	147,235	154,407	... ..
West Springs	87,500	...	118,347	77,464	40,883	... ..
<i>Central Mines—Rand Mines</i>						
City Deep	108,000	20,626	144,273	---	20,206	22 11-7
Cons. Main Reef	159,000	29,362	205,267	---	48,108	19 9-2
Crown Mines	354,000	85,059	596,100	---	259,239	19 0-4
Durban Roadst. Deep	108,000	21,887	151,917	---	37,615	21 2-0
East Rand Prop.	204,000	45,392	318,042	---	98,057	21 5-6
Goldenbush Deep	63,600	9,669	67,771	---	16,757	16 0-5
Modderfontein B.	90,000	15,287	106,982	---	44,726	13 10-0
Modderfontein East.	112,000	22,068	154,424	---	54,137	17 10-0
New Modderfontein.	192,000	36,384	254,804	---	23,205	23 2-3
Nourse Mines	80,000	16,549	115,962	---	15,259	19 8-4
Rose Deep	76,000	12,859	90,126	---	---	---
<i>General Mining</i>						
Van Ryn Gold	61,000	---	58,060	---	7,204	16 11
West Rand Cons.	172,000	---	235,110	---	98,225	16 2
<i>Goldfields</i>						
Simmer and Jack	111,000	23,476	164,330	---	56,386	19 6-1
Robinson Deep	107,000	25,488	178,557	---	72,556	19 9-8
Sub Nigel	68,500	41,118	287,824	---	191,190	33 0-4
Vogelstruënbult	50,000	13,720	96,038	---	23,084	24 3-8
Luijckdaers Vcl.	48,500	10,373	72,611	---	19,141	22 4-6
Rietfontein Cons.	21,500	3,429	23,973	---	9,052	13 11-0
<i>Johnnies Group</i>						
East Champ D'or	22,500	---	36,745	---	7,261	26 3
Government Areas	210,000	---	410,838	---	12,501	19 3
Langlaagte Estate	96,000	---	103,732	---	152,110	18 1
New State Areas	124,000	---	262,678	---	127,189	16 6
Randfontein Estates	385,000	---	442,065	---	46,094	16 11
Van Ryn Deep	105,000	---	135,660	---	13,066	19 0
Witwatersrand	85,000	---	92,929	---	---	---
Johnnies Group Total	1,027,500	---	1,482,245	---	588,396	17 7
<i>Union Corporation</i>						
East Geduld	137,500	39,334	275,175	115,750	159,425	...
Geduld Prop.	107,000	27,368	192,140	77,328	114,812	...
Modder. Deep	50,000	6,668	46,873	39,809	8,064	...
<i>Other Mines</i>						
Glynn's Lydenburg*	8,500	2,588	18,051	---	5,111	30 5-4
New Kleinfontein	70,000	13,190	92,211	65,072	27,139	18 7
Transvaal Gold*	26,500	4,393	30,683	---	4,494	19 9-2
Witwatersrand Deep	47,500	8,014	55,968	46,904	9,064	...

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

The past week was an uneventful one in the commodity markets, turnover tending to decline with the approach of the holidays.

Among non-ferrous metals, copper was marked up a little owing to the improvement on Wall Street, and lead and spelter were also marked up. Tin, on the other hand, is slightly lower on the week. The markets in rubber and linseed oil were firmer.

Among textile raw materials, the improvement in raw wool prices was maintained. Merino qualities are now 15 per cent., and crossbred wools 10 to 15 per cent., above the lowest point reached during the recent setback. The rise in prices has led to an increase in the demand for manufactured goods. Raw cotton prices also showed a firmer tendency this week. On Monday Messrs Courtaulds announced their decision to raise the prices of the coarser qualities of viscose yarns.

Wheat was slightly cheaper, but provisions and other foodstuffs are scarcely changed on the week.

In the United States, the recent improvement in prices was maintained this week. Thus Moody's daily index (December 31, 1931 = 100) was 149.1 on Wednesday, against 149.8 a week ago, 146.6 a month earlier, and 202.6 on the corresponding day last year.

METALS

COPPER.—Though turnovers have been small the market has registered a slight advance in the period under review. Wall Street displayed a firmer tendency and the copper market was also encouraged by the smallness of American copper exports last month. Shipments were smaller than in any month since February and amounted only to 2,600 tons, against 4,300 tons in October, according to Messrs. Brandeis, Goldschmidt and Co. Meanwhile, British stocks continue to increase.

Sales on the London Metal Exchange: 750 tons on Monday, against 1,100 tons last week; 1,250 tons on Tuesday, against 1,400 tons last week; Domestic spot was quoted at 9.82½ cents per lb. in New York on Tuesday, against 9.65 cents a week ago and 9.57½ cents a month ago. Tuesday's official closing price for standard cash in London was £40 10s. to £40 11s. 3d. per ton, compared with £39 10s. to £39 11s. 3d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 10,030 tons, showed an increase of 295 tons, while stocks of rough copper, at 20,785, were 585 tons larger.

LEAD AND SPELTER.—Both metals were dearer than a week earlier, but the rise in lead amounted only to 1s. 3d. per ton. The market was disappointed by the November building plan figures, which were 13.5 per cent. lower in value than the corresponding figure for last year. Meanwhile, spelter production remains in excess of current consumption.

Sales of lead on the London Metal Exchange: 850 tons on Monday, against 1,900 tons last week; 950 tons on Tuesday, against 1,850 tons last week. The New York quotation on Tuesday was 4.75 cents per lb., against 5.00 cents a week ago and 5.00 cents a month ago. Tuesday's official closing quotation in London for soft foreign for shipment during the current month was £15 15s. to £15 17s. 6d. per ton, compared with £15 13s. 9d. to £15 15s. last week.

Sales of spelter on the London Metal Exchange: 1,200 tons on Monday, against 550 tons last week; 850 tons on Tuesday, against 1,400 tons last week.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Deben- ture Interest	Amount Available for Distri- bution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Deprecia- tion, etc.	Balance Forward	Net Profit	Divi- dend
					Prefce.	Ordinary					
					Amount	Amount	Rate				
Banks		£	£	£	£	£	%	£	£	£	%
Bank of New South Wales	Sept. 30	129,500	543,242	672,742	...	526,800	6	...	145,942	470,454	5½
Electric Lighting, etc.											
Adelaide Electric	Aug. 31	113,391	395,927	509,318	174,583	62,500	10	125,400	146,835	351,193	10
Financial Land, etc.											
Peel River Land, etc.	June 30	13,709	26,650	40,359	...	25,200	7½	1,000	14,159	23,544	4½
Hotels, Restaurants, etc.											
Jones (R. E.)	Oct. 31	6,380	49,532	55,912	...	28,987	5	14,603	12,322	45,444	5
Iron, Coal and Steel											
Boulton and Paul	Sept. 30	7,231	55,136	62,367	3,174	25,000	10	20,000	14,193	47,813	Nil
Cannon Iron Foundries ...	Sept. 30	10,959	34,563	45,522	8,284	18,750	10	7,500	10,988	53,109	15
Motor, Cycle & Aviation											
Associated Motor Cycles ...	Aug. 31	4,126	14,589	18,715	...	7,538	5	1,050	10,127	7,259	5
Westland Aircraft	June 30	3,250	18,255	21,505	...	9,375	5	4,007	8,123	4,614	Nil
Oil											
Tampico Oil	June 30	Dr. 965	1,296	331	...	...	...	...	331	Dr. 965	Nil
Rubber											
Krubong, (Malacca)	Sept. 30	615	1,002	1,617	...	884	3	...	733	116	2½
Rembia	Sept. 30	1,056	9,073	10,129	...	4,278	5	...	4,991	860	2½
Sekong	July 31	733	612	1,345	...	...	...	1,000	345	3,066	2½
Shops and Stores											
Leslie's Stores	Sept. 30	Dr. 8,212	9,212	1,000	...	...	...	...	1,000	Dr. 860	Nil
Tea											
Talliar	Mar. 31	...	(s) 1,767	1,767	...	...	...	...	1,767	(a)	(a)
Trusts											
Second British Steamship...	Dec. 1	19,820	28,390	48,210	9,531	12,391	6½	...	26,288	24,718	6
Other Companies											
Airspeed (1934)	July 31	Dr. 32,286	Dr. 58,650	Dr. 90,936	...	...	...	Dr. 111,903	Dr. 909,336	Dr. 261,933	Nil
Baird Television	June 30	...	Dr. 111,903	Dr. 111,903	...	...	...	...	...	Dr. 138,586	Nil
Booker Brothers, McConnell	June 30	25,981	90,981	116,962	19,086	41,250	15	17,000	39,626	77,146	15
British-American Tobacco...	Sept. 30	2,428,281	5,760,449	8,188,730	585,000	5,033,399	21½	100,000	2,470,331	5,541,755	20½
British Tar Products	Sept. 30	4,428	49,904	54,332	...	39,238	15	11,293	3,801	46,095	15
Crystalline Gramophone ...	Mar. 31	1,423	(d) 723	2,146	...	...	...	...	2,146	Dr. 21,097	Nil
Devenish (J. A.) & Co.	Sept. 30	17,936	35,551	63,487	2,104	25,875	16½	...	11,329	(a)	(a)
East India Distilleries, etc.	Sept. 30	8,032	16,378	24,410	14,000	4,000	5	...	6,410	43,094	10
Hunziker (Great Britain) ...	Oct. 31	Dr. 8,773	Dr. 30,151	Dr. 38,924	...	...	...	...	1,000	Dr. 4,673	Nil
Levers Optical Company ...	Aug. 31	3,172	3,698	6,870	505	2,250	6	...	35,876	7,077	8
Nathan (Joseph) and Co. ...	Sept. 30	65,981	91,398	157,379	83,000	3,185	10	...	35,318	85,166	Nil
Purnell and Sons	Sept. 30	4,198	32,377	36,575	10,209	9,000	8	14,000	3,366	26,374	8
United Match Industries ...	Oct. 31	13,008	13,111	26,119	7,116	2,344	50	...	12,684	15,331	Nil
United Tobacco (South) ...	Sept. 30	489,443	1,048,536	1,537,979	56,500	960,000	40(v)	...	521,479	1,040,287	40(v)

* Debit balance added to general development account, now standing at Dr. 560,503. † Free of Income Tax. (a) No comparable figure. (s) 17 months. (d) 14 months. (v) Free of South African normal income tax.

OTHER FOODS

BACON.—Bacon met a steady trade at unchanged rates. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 97s.; Canadian, 89s.; Danish, 95s., against 97s., 89s., and 95s. last week. Arrivals in London last week included: Danish, 16,266 bales; Canadian, 8,033; Dutch, 1,834; Lithuanian, 1,746; and Polish, 2,474; as against 14,234, 7,303, 2,151, 1,690 and 3,136 bales, respectively, in the previous week.

BUTTER.—The market remained steady. Quotations (per cwt.) on the London Provision Exchange on Monday were: New Zealand, finest salted, 114s.; Australian, choicest salted, 113s.; Danish, 155s.; compared with 114s., 113s., and 154s. to 155s., respectively, a week ago.

CHEESE.—The market in cheese was quietly steady. Quotations (per cwt.) on the London Provision Exchange on Monday were as follows: English Cheddars, finest farmers, 94s. to 96s.; Canadian, finest coloured, 72s. to 74s., and New Zealand, finest coloured, 64s. to 64s. 6d.; against 94s. to 96s., 72s. to 74s., and 64s. 6d. to 65s., respectively, a week ago.

COCOA.—The spot quotation in New York on Tuesday was 5½ cents per lb., as against 5½ cents per lb. last week. In London, on Tuesday last, good fermented new crop, Accra, "January-March," was quoted at 23s. 9d. sellers per 50 kilos, c.i.f. Continent, against 24s. 3d. for "December-February" a week ago. Last week's movements of cocoa in London were as follows: Landed, 3,242 bags; delivered for home consumption, 5,243 bags; exported, 43 bags; stocks, 131,869 bags, against 104,190 bags a year ago.

COFFEE.—The markets in London and New York have been quietly steady. On Tuesday, Rio No. 7 (cash) was 6½ cents per lb. in New York, as compared with 6½ last week and 6½ a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 103 cwt.; delivered, for home consumption, 36 cwt.; exports, nil; stocks, 2,093 cwt., against 9,131 a year ago. Central and other South American: Landed, 1,168 cwt.; delivered, for home consumption, 2,512 cwt.; exported, 565 cwt.; stocks, 62,790 cwt., against 52,665 cwt. last year. Other kinds: Landed, 279 cwt.; delivered, for home consumption, 3,516 cwt.; exported, 524 cwt.; stocks, 55,399 cwt., against 88,945 last year.

EGGS.—An easier tone has been evident for new-laid eggs, with other selections steady to dearer. At Smithfield, on Tuesday, English (ordinary packing, Grade I, about 15-15½ lb.) realised 20s. to 20s. 6d. per 120, against 21s. 6d. to 22s. last week; while Danish (15½ lb.) made 17s. 9d. to 18s., as against 17s. 6d. to 17s. 9d. last week.

MEAT.—At Smithfield Market on Tuesday last, Argentine chilled hindquarters were quoted at 4s. 3d. to 4s. 8d. per 8 lb., as compared with 4s. to 4s. 6d. a week ago. New Zealand frozen mutton was 2s. 8d. to 4s. 4d. per 8 lb., as against 2s. 8d. to 4s. 4d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 11,230 tons, a decrease of 266 tons on the corresponding week last year. Beef and veal accounted for 5,053 tons, mutton and lamb 2,961, and pork and bacon 1,072, as compared with 5,346, 2,613 and 1,324 tons, respectively, in the same week of 1936.

PEPPER.—On Tuesday, white Muntok, "January-March," was quoted at 3½d. per lb. sellers, c.i.f. Rotterdam-Hamburg, against 3½d. per lb. a week earlier. Black Lampung, spot, in bond, was not quoted. Movements of pepper in London last week were as follows: Black, landed, nil; delivered, nil; stocks, 1,972, against 1,815 last year. White, landed, 54 tons; delivered, 25 tons; stocks, 11,198 tons, compared with 11,791 tons a year ago.

RICE.—The spot price of Burma No. 2 cleaned was 11s. 3d. per cwt. ex warehouse, on Tuesday, as compared with 11s. 3d. per cwt. a week ago. "January-February" (new), in singles to Continent and U.K., was quoted at 8s. 9d. per cwt., against 8s. 10½d. last week. Movements in London last week were as follows: Landed, 1 ton; delivered, 30 tons; stocks, 938 tons, against 1,543 tons a year ago.

SUGAR.—A steady tone has been evident this week. The New York spot quotation was 3.20 cents on Tuesday, as compared with 3.20 cents per lb. last week and 3.38 cents per lb. a month ago. Tuesday's sales of raw sugar in London included "May" delivery at 6s. 3d., against 6s. 2½d. for "March" delivery a week ago. Movements of raw sugar in public warehouses in London and Liverpool last week were as follows: Imports, 12,741 tons, against 20,850 in the previous week and 44,673 in the same week of 1936; deliveries, 15,994 tons, against 15,688 and 17,423 tons, respectively; stocks, 222,172 tons, against 225,425 and 197,954 tons, respectively.

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

The visible supply of wheat in Canada amounts to 60,140,000 bushels, against 61,462,000 bushels last week and 63,634,000 bushels in the corresponding week last year.

NEAREST FUTURE	Jan. 2, 1935	Dec. 31, 1935	Dec. 23, 1936	Dec. 30, 1936	Dec. 15, 1937	Dec. 21, 1937
Winnipeg (No. 1, Manitoba) Cents per 60 lbs.	82½	84½	123½	129	128	128
Chicago (No. 2, Winter) Cents per 60 lbs.	98½	101½	131½	135½	96	95½

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

Week ended	Quantities Sold			Average Price per Cwt.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
December 16, 1933 ...	Cwts. 263,443	Cwts. 350,648	Cwts. 41,519	s. d. 4 6	s. d. 9 2	s. d. 5 4
December 15, 1934 ...	349,100	263,989	47,901	4 11	8 4	6 8
December 21, 1935 ...	329,616	310,729	31,345	5 8	8 3	5 11
December 19, 1936 ...	270,336	370,201	54,912	8 10	9 6	7 3
December 11, 1937 ...	258,996	326,987	42,968	8 8	13 2	8 4
December 18, 1937 ...	216,303	318,751	43,469	8 7	13 3	8 6

MISCELLANEOUS COMMODITIES

RUBBER.—Although the market has had a quiet tone prices show a rise on the week. Stocks in London and Liverpool were larger than in the previous week.

The spot price in New York on Tuesday was 15½ cents per lb., compared with 14½ cents per lb. a week ago and 14½ cents a month ago. Tuesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 7½d. per lb., as against 7½d. on the corresponding day last week. In forward positions business has been done at 7½d. for "February" shipment, as against 7½d. Stocks in London and Liverpool at the end of last week totalled 55,665 tons, against 55,244 tons a week earlier. A year ago stocks amounted to 80,315 tons.

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THE ECONOMIST BANKING SUPPLEMENT

A SURVEY OF BRITISH AND FOREIGN BANKING

VOL. CXXIX]

SATURDAY, OCTOBER 16, 1937

[No. 4912

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OUR FUTURE MONETARY POLICY

WITH the franc still in a stage of transition, and with numerous other world problems still unsettled, it would be premature to think of the permanent stabilisation of the pound sterling, even if we intended ultimately to revive something like our old monetary system. Nevertheless, it is very desirable to look ahead; for since we suspended the gold standard almost exactly six years ago we have been gradually evolving new monetary methods, from which are likely to spring the new permanent monetary system of the future, and it is well to know whither we are going. Broadly speaking, ever since September, 1931, when we abandoned the complete and rigid gold bullion standard, we have been gradually returning to what may fairly be described as an unofficial, elastic and managed gold standard. The differences between the old and the new gold standard are admittedly fundamental. No longer is the Bank of England bound to sell gold at a fixed price, and while it is still bound to buy gold, it is at the old price, which is now far below the current market price. Again, no longer is all our monetary gold held by the Bank of England and permitted to form the ultimate base of our internal credit supply. Instead, part of our gold is held by the Exchange Equalisation Account, where it lies segregated from our internal credit system. Meanwhile, the gold held by the Bank of England is still valued at the old price of 84s. 11½d. per ounce fine, and so is grossly undervalued in comparison with the current market price of about 140s. per ounce fine. Nevertheless, the Bank now holds so much gold, in contrast to ten years ago, that it has proved possible to reduce the fiduciary note issue from £260 to £200 millions—narrowing the credit base by the same amount—and at the same time to maintain an ample and even an abundant supply of credit.

With all these changes since 1931 one basic fact remains. Gold is still used by us for the ultimate settlement of exchange differences between us and certain foreign countries, notably the United States, France, and in case of need, some of the former members of the gold bloc. It is true that this rules out a large part of the world, including the whole of the sterling area and also those countries with restricted currencies. Still, we use our gold not only to settle our own differences, but also those emanating originally from the sterling area, and to that extent we act as the sterling area countries' agent in the banking sense of the term. With all these changes, gold has retained one of its chief functions as the ultimate medium for effecting the international transfer of funds.

This is the general basis of fact from which we can begin to look ahead. At the outset, two or three principal observations suggest themselves. In the first place, it seems unlikely that for a long time to come we shall get away from gold altogether. In spite of the shocks that have been given to the supremacy of gold and the doubts that have arisen as to its real stability as a standard since it ceased to be actually in circulation, gold still commands greater general confidence as an international standard of value than any substitute that has yet been tried or suggested. So long as people believe that gold will retain its value, and that if they go to enough trouble, bank deposits can be turned into currency and currency into gold, the psychological argument for retaining gold in the monetary system in some form or another remains a very strong one.

Another consideration is that, by contrast with ten years ago, we in England now have an abundance instead of a scarcity of gold. A third consideration which has forced itself to the forefront is the problem of "hot money," that is of unemployed capital, which moves to and fro about the world in search of safety rather than profit. No longer can a financial centre rely upon a high interest rate to attract capital. On the contrary, a high interest rate may be regarded as a danger signal, and the only way to attract funds is

to convince people of the stability of the currency and, indeed, of the country's whole financial and economic life. Meanwhile, the migration of this unemployed capital has become the main cause of gold movements from one Exchange Fund to another, and so a country may find itself gaining or losing gold for reasons quite unconnected with its external trade balance, or with the general state of its internal industry, commerce or finance. This is the chief justification for segregating gold in Exchange Funds, and for preventing these gold movements from exerting their orthodox influence upon the internal credit basis. It has become necessary both to shield a country from the temptation to use a sudden influx of gold as a means of expanding the internal supply of credit, and to relieve it of the necessity of having to resort to deflation whenever a sudden outflow of gold occurs.

This, then, is the background—a strong presumption still persisting in favour of gold, tempered by a growing uncertainty regarding its value, which has to be carefully assessed in anticipating the future. And besides all this, there is the complication of having to deal with great masses of fugitive capital. These are not conditions which suggest a final solution of our monetary problem on a fixed gold basis. There are, however, certain general suggestions which are appropriate to this complex situation. The chief desideratum is to discover ways and means of combining an international gold standard with a variable price of gold.

There are various methods by which this dual objective might be attained. But, in any case, it is desirable that the anomaly of our present gold valuation should be ended. If the Bank of England's gold were written-up to the real value, we should have a true picture of our position. This would, of course, involve the revaluation of the Bank's gold from day to day, as the London market price varied. It would be easy, however, to neutralise the effect of these fluctuations either by small transfers of gold between the Bank and the Exchange Account or by frequent changes in the fiduciary note issue. In any case, the initial writing-up of the Bank's gold would have to be offset by a big reduction in the fiduciary note issue—practically to zero—and possibly by a small reduction in the securities held in the Banking Department. This could be effected out of the profit received by the Government on the revaluation of the Bank's gold. In this way the Bank's Reserve and the internal credit base could be fixed at levels adequate, but no more than adequate, to our needs.

Under these conditions, the Exchange Account would, of course, retain its present gold holdings as a reserve to cover any likely withdrawal of gold from London as the result of the repatriation of foreign hot money now here. The impact of any future movements of gold into and out of the country would first fall upon the Exchange Account, but gold could be transferred between the Account and the Bank as circumstances warranted from time to time. This means that gold movements would not affect the banking system if they were clearly of a temporary character, but only if they had economic significance.

These suggestions would represent an evolution of our present monetary system in the direction of an elastic and managed gold standard. They would make provision for the ebb and flow of hot money or unemployed capital, and give to our internal credit system reasonable insulation from the shocks of such movements. They would provide for the proper valuation of all our monetary gold, and would recognise that as the original 1928 Act intended, our fiduciary note issue would be used as a flexible instrument of control. They would, in short, provide one means for effecting a working compromise between the rigid gold standard and an inconvertible currency with the instability which is inseparable from it.

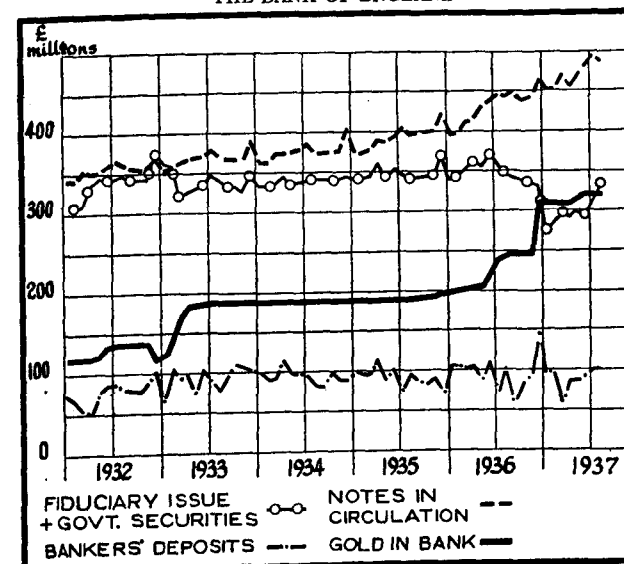
BRITISH BANKING TRENDS

THE period since our last examination of the banking system has been one of continued recovery. Various disturbances have occurred such as to affect security prices, but in the long run they have not influenced the general trend of trade to any great extent.

The banking system is governed by two factors, the trend of trade and Government policy, either of which may predominate. For six years now the monetary policy of the Government has been to maintain cheap credit conditions. Short-term money rates remain as low as ever, and so far gilt-edged prices have not fallen much below their early 1936 peak. Sooner or later, however, if the trend of trade continues upward and the rearmament programme continues with the present intensity, the long-term rate of interest must move upwards still further.

Meanwhile, the Government's borrowing requirements compel, on political grounds, the continuance of cheap money as long as possible. Our first chart shows the steps that have been taken in the form of gold purchases made during last summer, with this object in view. It also demonstrates how bankers' deposits at the Bank of England, and consequently the joint-stock banks' cash, have varied under the positive influence of increases in the Bank of England's holdings of gold and securities, and the negative influence of increases in the note circulation.

THE BANK OF ENGLAND



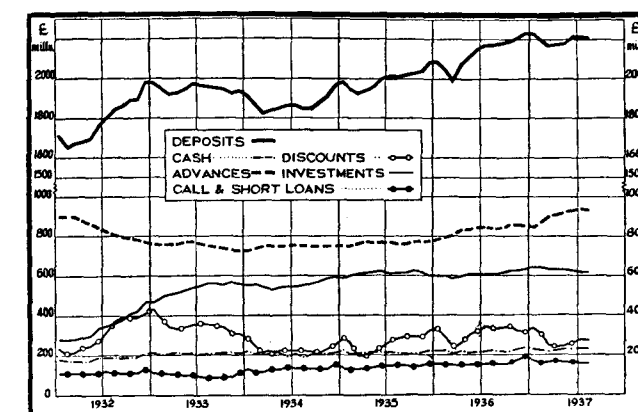
The Bank's gold purchases since April total £12.7 millions. At the same time the note circulation has increased by £26.3 millions. At August Bank Holiday the increase was even greater, for a record circulation of over £500 millions was then attained. Part of this increase is due to currency hoarding on Continental account, but a fair proportion is due to the increasing needs of the public, caused by the trade revival, the rise in prices and the general improvement in purchasing power. The Bank's gold purchases have been to a limited degree reinforced by fresh acquisitions of Government securities which, since April, have risen from £94.5 to £106.9 millions. The fiduciary note issue has remained unchanged throughout. Public deposits are also lower than in April, and so bankers' deposits are higher. This maintenance of the supply of joint-stock bank cash receives further illustration in the second chart, showing the position of the clearing banks.

Among the clearing banks' liquid assets discounts have been rising, but with a parallel fall in call money. It looks as if the banks may be holding more bills in their portfolios and fewer as collateral for loans, but regard must also be had to the increase in tender issues of Treasury bills shown in the third chart.

Bank advances are continuing their steady rise. Since

April they have increased from £919 millions to £938 millions. This increase is clearly due to the trade revival and to the rise in prices. As advances and investments together do not normally exceed 70-75 per cent. of deposits, the banks have had to offset this increase in their advances by reducing their investments from £671

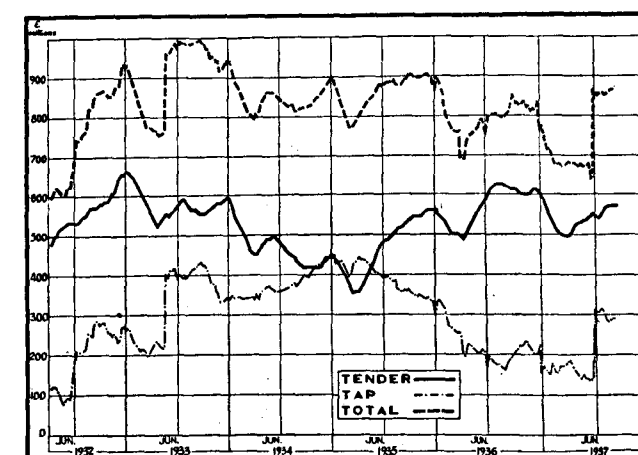
THE CLEARING BANKS



to £616 millions. This presents a problem for the Government, as in the absence of counter-influences the result would be a further rise in the long-term interest rate.

Our next chart sets out the changes in the volume of outstanding Treasury bills.

TREASURY BILLS

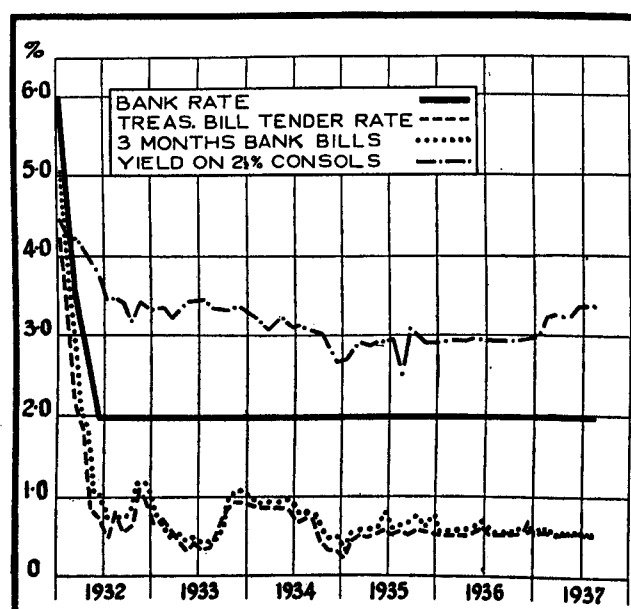


The first thing to be noticed is the increase in tender issues since the early months of the year. The chief reason for this is the growing seasonal excess of expenditure over revenue, which will persist up to December 31st, but allowance must also be made for the Exchange Equalisation Account's summer gold purchases and consequent sales of Treasury bills. The inherent strength of sterling, coupled with the flight of money from the Continent to this country, has resulted in a steady flow of gold into the Exchange Account. Further reduced by the end of June, the Account's sterling resources were then replenished by £200 millions of Treasury bills, but a fair proportion of them have now been dispersed into the banking system, against the further gold purchases since that date. Since the beginning of the year the floating assets of the public departments have risen by £113 millions, but this is much less than the June increase of £200 millions in the Exchange Account would suggest. The explanation of the discrepancies is that the departments had to take up a fair proportion of the April issue of £100 millions of National Defence bonds, and they had to reduce their floating assets in order to make room for it. To that extent Defence borrowing has been thrust upon the banking system.

The rising tendency of the long-term rate of interest is as yet barely apparent. The reduction in the clearing banks' holding of gilt-edged securities has undoubtedly been a source of anxiety, but hitherto prices have not

seriously fallen. The reason is that other sources of demand—the Government departments and funds, the insurance companies and building societies—have been

INTEREST RATES



sufficient to make up the difference. Another contributing factor is the comparative insecurity of alternative investments, particularly the less well-established industrial which in earlier months had attracted a great deal of speculative interest. Thus there may now be some shifting out of equities into gilt-edged stocks. Nevertheless, the problem is only shelved, not solved.

At the moment the difficulties confronting the monetary authorities are less immediate than they were at the end of the first quarter, when a boom of dangerous proportions appeared to be developing. The March upswing came to a catastrophic conclusion with the gold scare, and the need for stiffer money rates as a check evaporated. Still facing the Government is the problem of defence borrowing. So far only £100 millions has been placed, most of which has been taken up by the public departments. To keep the rate of interest low there is a certain temptation to adopt the inflationary method of increasing the credit base, so as to allow the banks to take up more gilt-edged securities. The danger of such a course cannot be too strongly stressed, especially as the cost of living, wages, and cost of production are already beginning to rise. Money cannot be kept cheap indefinitely without dangerous consequences, and if the Government wishes to borrow, it must pay the price. The needs of re-armament do not justify an attempt to keep down the long-term rate of interest by artificial means.

THE LONDON GOLD MARKET

(BY A CORRESPONDENT)

THE pre-eminence of London as a financial centre and the absence of any restriction in the United Kingdom on gold imports and exports have combined to maintain the London market as the great free gold market of the world, but it is only since the abandonment of the gold standard by this country in 1931 that the London gold market has attracted any general interest.

The gold price quoted daily in the Press here and abroad is announced following a meeting of six firms which takes place daily at 11 a.m., except on Saturdays when the meeting is half an hour earlier. This price is the official or "fixed" price, and the bulk of the gold business put through in London is based on this price, although dealing in gold continues throughout the remainder of the day at prices which may often vary from this fixed price. The volume of such dealings is at times quite considerable.

The six firms are Messrs Johnson, Matthey and Company, Ltd., Mocatta and Goldsmid, Samuel Montagu and Co., Pixley and Abell, N. M. Rothschild and Sons and Sharps and Wilkins. The meeting, known in the market as the "fixing," is private, none but representatives of the member firms being present, and takes place at the offices of Messrs N. M. Rothschild and Sons at New Court, St. Swithin's Lane, E.C. The representatives attending the "fixing" have in hand orders to buy and sell gold entrusted to their respective firms. They keep in touch with their offices during the course of the "fixing" by private telephones so that these orders can be amended or cancelled, and fresh orders received right up to the actual moment when the price is fixed. There are no elaborate or set rules of procedure, and the method of "fixing" is roughly as follows: A price is suggested, which is usually about the "dollar parity" (the meaning of which will be explained later), and at this price the various members declare how much *on balance* they have to sell or buy. Should the buyers be unable to absorb all the gold offered the price is lowered until the volume of buying and selling becomes equal. On the other hand, if supplies are not enough for the buyers, higher prices will be tried. Exact equality is sometimes difficult to achieve, but buyers or sellers are usually willing to modify their orders slightly, rather than force the price *in any one way*. Up to the time the price is "fixed," members only disclose the balance of their orders, but

when the price has been "fixed" they each declare how much buying and selling they have already set off or "married" in their books. The *total* of these "marriages" added to the amount actually changing hands between the members makes up the figure which is publicly announced as the total business done at the "fixing." No details are given out as to each individual member's turnover. The unit of dealing at the "fixing" is a bar of about 400 troy ounces or 12½ kilos., value at present prices about £2,830. The price is quoted in shillings and pence per fine troy ounce, with minimum variations of one halfpenny, and all dealings are for delivery and payment the same day, except for Saturday's business, fulfilment of which takes place on the following Monday. Purchases and sales for forward delivery cannot be arranged at the "fixing," and form part of such after-fixing operations. Forward dealing, however, has been restricted to a great extent during the last year or so, as in deference to the wishes expressed in official quarters, members of the market have accepted only forward orders of an assuredly non-speculative character.

There are three main categories of buying orders which are handled by the London market, namely arbitrage, investment—generally referred to as "hoarding"—and official. Buying for trade and industrial purposes has not been an important feature for many years, being off-set outside the market by large supplies of "scrap" gold derived from the realisation of old jewellery, etc., brought out by the enhanced prices of the last few years.

Arbitrage demand consists of purchases by banks and others for shipment and resale to the central bank or treasury of a gold standard country and is the backbone of the buying in the market. To-day the United States is the only country to whom arbitrage shipments are made on a large scale. It is for this reason that the "dollar parity" price is generally the basis on which bidding starts at the "fixing."

The "dollar parity" price is that at which a purchase of gold in the market for shipment and realisation in New York would produce neither profit nor loss. For example, the statutory buying rate of the United States Treasury is \$35 per fine ounce, which, at an exchange rate of \$4.95½ to the pound sterling, is equivalent to 141s. 2½d. per fine ounce. The total expenses involved

in making a shipment of gold to New York for delivery to the United States Treasury work out at approximately 11½d. per fine ounce. Therefore, if the gold price was fixed in London at 140s. 3d. when the selling rate for United States dollars was quoted at \$4.95½ to the pound sterling, reports on the market would state that the price had been fixed on the "dollar parity." Given the same exchange rate, a price of 140s. 2½d. would be said to be at a ½d. discount on the "dollar parity" and a price of 140s. 3½d., a premium of ½d. on the "dollar parity."

The demand for hoarding has been a very prominent feature in the market since 1934 when the United States startled the financial world by deliberately devaluing its currency. Nationals of the other gold standard countries naturally became apprehensive of the effect of this on their own currencies, and began to buy sterling which they invested in gold. During the state of monetary strain which culminated in the break-up of the gold *bloc* a year ago, this buying became so insistent that the price was often forced to a substantial premium over any possible arbitrage parity levels.

Following the devaluation in September last year by France, Switzerland and Holland, the hoarding ceased and some selling of the immense stocks held in London took place. This liquidation was considerably hastened by the remarkable panic which developed earlier this year owing to the world-wide fear of a possible reduction by the United States of its gold buying price, and for several weeks during the summer gold was quoted in London at a discount below the dollar parity price. Recently, however, owing mainly to the still unstable state of French finances, the demand for hoarding purposes has revived and again has established a premium in the price over the dollar parity.

Although precise information cannot be obtained as to official purchases and sales there is no doubt that they have become a very important feature in the London market. Demand or supply from official sources may

not necessarily be for British account, as orders on behalf of foreign central banks or exchange funds are handled through the intermediary of the Bank of England in accordance with what is now understood to be the general practice.

Gold production from the two most important sources, namely, the Transvaal and the U.S.S.R., does not now come on the London market for sale. These outputs are taken over by the Bank of England, the former through the intermediary of the South African Reserve Bank, but may indirectly reach the market as part of official sales. Gold production from Rhodesia and West Africa is still marketed here, and the weekly shipments usually swell offerings on Tuesdays. Australian output has in the past been sold forward in London at the time of shipment, but recently some direct shipments have been made to San Francisco for sale to the United States Treasury.

An important source of supply ever since 1931 has been India, where hoards of gold have been accumulated for many centuries. Attracted by enhanced sterling gold prices following Great Britain's abandonment of the gold standard, this gold commenced to flow rapidly to the London market and, although the rate has slackened now, there is still a steady stream of supplies shipped weekly from Bombay, the bulk of which has usually been already sold for forward delivery.

Private arbitrage dealing in London, as mentioned previously, plays an important part as regards demand but does not figure at all on the selling side. The United States Treasury, though willing to buy gold from all and sundry, will not give out gold except to another central banking institution. Belgium and Switzerland, the two remaining Continental gold standard countries, now observe the same rule. During the last week or so a profit could have been made by withdrawing gold from the Belgian National Bank for resale in London. Although such a source of supply is barred

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to the private dealer, a large part of the recent "official" offerings of gold in the market have no doubt been provided by that institution as a result of official arbitrage.

The London gold market has enjoyed remarkable activity during the last six years or so, and has well

lived up to its reputation as the leading free gold market of the world. Increasing collaboration between central banking authorities, however, is tending to strengthen the power of official intervention, and the term "free market" may before long prove to be but an empty title.

CURRENCY INFLATION AND DEPRECIATION IN FRANCE

(BY A CORRESPONDENT)

THE essential feature of the French situation seems to be the fact that the country is undergoing the most classical process of inflation, without any marked increase in monetary circulation nor in the outstanding bank money. It is hardly necessary to go back to the actual causes of this inflation. Although there does not exist in France any "party of debtors" nor any "inflationists," the pressure of the Treasury's deficit (the State being the largest debtor in the country) has brought about an enormous expansion in Bank of France advances to the Government. From August, 1936, to August, 1937, these loans increased by nearly Frs. 13,000 millions (including over Frs. 2,000 millions which were cancelled at the time of the October devaluation). In addition a "Fonds de soutien des rentes" was organised last July and endowed with the second (July, 1937) revaluation profit of the gold reserve. This is nothing else but a Central Bank advance for purchasing long-term bonds (unless it should operate like a revolving fund). Finally, during the same year, the Bank of France did its best to assist a money market which remained most of the time in dire need of liquid funds, its assistance taking the form of collateral loans, 30-day advances and rediscounts.

This expansion of credit has not led to a corresponding increase in the note circulation nor to any increase in the commercial banks' liabilities. Its only apparent consequence was the continuous depreciation of the franc. The note circulation increased in one year by only about Frs. 4,000 millions. This may be ascribed to higher prices and to some extent to the growth in tourist traffic. The increase in the other liabilities of the Central Bank, i.e. in "deposits," is not entirely relevant, as the larger part of the Frs. 10,000 millions expansion in this item is due to the operation of the Exchange Fund. Had this fund not existed the francs deposited by it would have been acquired by the bank itself and therefore cancelled.

As to banking deposits, the statements of the larger French banks evidenced an increase of about 20 per cent. between August, 1936, and January, 1937. This figure has apparently not undergone any large change since then, except during the month of March, when it was swollen by subscriptions to the exchange guaranteed loan. On the whole, it would even seem that banking deposits have since the beginning of 1937 rather tended to decline. Foreign exchange deposits being important, the fall of the franc should have brought about an increase in their franc equivalent, but this does not appear in the statistics.

In fact, most of the francs created for financing the Treasury's needs were sold on the exchange market, and then found their way back to the Bank (or the Equalisation Fund) and were exchanged for gold. In the balance sheet of the Bank, loans to the Treasury have progressively replaced the gold reserves. Due to the fact, however, that the metallic reserve of the Bank of France is now computed in francs of 43 milligrams (900/1,000 fine) the last drop of the exchange quotation of the franc, which occurred in September, resulted in a large gold premium, the actual exchange value of the reserve reaching about Frs. 71,000 millions instead of some Frs. 55,700 millions as carried in the balance sheet. According to semi-official reports, the liquidation of the Exchange Fund plus this premium of Frs. 15,000 millions would allow for a complete wiping out of the

temporary loans to the State. In other words, everything has happened as if the Government had simply borrowed gold and was repaying the bank out of future revaluation profits.

The experience of the French Equalisation Fund has been rather disappointing. In March, June and September, it was forced off its defence line and was obliged to let the depreciation of the franc take its course. In March, a new committee was appointed for its management. In June, M. Bonnet took power as Minister of Finance after the fall of the Blum Government. In both cases, a policy of Budget equilibrium was announced and the control over the exchanges was relaxed, i.e. so that the franc was allowed to depreciate. M. Bonnet even imposed on the country a system which would have been thought impossible one year before, a floating currency, after having allowed the Exchange Fund to purchase a new 8,500 millions of gold from the Bank following the depletion of its original endowment of 10,000 millions. In both cases the reward came in the form of some capital repatriation, the more so in March than in June. In both cases, when it became apparent again that the deficit was being financed by the Central Bank the public's hopes were foiled and a new pressure was soon felt on the franc. Conversely, there was a very real though slow improvement in July and August. Without bringing pressure upon the market, as had happened on previous occasions, the discount rate was lowered from 6 to 5 per cent. on July 6th, to 4 per cent. on August 3rd, and to 3½ per cent. on September 2nd. During the same period banking and savings deposits and the liquidity of the market generally had improved, and the end of August settlement was, except for March, the easiest which the market had experienced in many months.

Such improvement, however, was not sufficient to warrant a staunch resistance when the sales of francs became serious by the middle of September, and the Fund was forced to adopt the only possible method of defence, i.e. retreat. It is too early to tell how far the dangerous policy of pegging forward exchange rates, upon which the Fund had embarked in July, has contributed to weakening its position.

The pressure to which the larger commercial banks have been subjected during the last year is clearly apparent from their balance sheets. Their cash ratios have been reduced to minimum levels, in sharp contrast with preceding years. Conversely, their loans and discounts have on the whole tended to increase (a maximum being reached in January). In spite of their need of liquid funds, it has been quite uncommon for the larger institutions to rediscount with the Central Bank. They have, broadly speaking, remained true to their traditional policy which precludes any recourse to the Bank of France. The same is not true of the smaller organisations, and the Central Bank has had to increase its securities and collateral loans, to maintain its 30-day advances at a high level, and to expand its discounts by about 30 per cent. Part only of the latter increase represents rediscounts from commercial banks. Another fact may be ascribed to discount operations by the bank's private customers, while yet another part corresponds to two special transactions. In August, 1936, the Bank of France was requested by law to accept for discount commercial paper presented both by the Wheat Board and

also by the Central organisation for the "banques populaires" guaranteed by the Government. The first category never exceeded Frs. 600 millions (at the end of November, 1936), and proved to be a healthy self-liquidating paper. The same cannot be said of the "banques populaires," which reached a maximum of Frs. 1,190 millions in March and since has now been reduced by only one-half.

The Bank of France has thus been called upon to supply credit for private business, banks, public boards, and principally for the Government. But excess mer-

chandise imports and capital exports have drained out of the country all the francs which were being created and were not actually needed for current business transactions. Failing any major repatriation of French capital, the prospects are that the monetary expansion will tend to develop, and that the available margin of credit of the Government with the bank will be utilised to a large extent. There is little doubt that this expansion, or the prospect of its continuance, has now become the leading factor on the money and exchange markets, as well as the chief cause of the rise in internal prices.

Four Paris Banks	July, 1936	Aug., 1936	Sept., 1936	Oct., 1936	Nov., 1936	Dec., 1936	Jan., 1937	Feb., 1937	Mar., 1937	April, 1937	May, 1937	June, 1937	July, 1937	Aug., 1937
LIABILITIES														
Deposits	25,334	24,979	25,317	27,549	28,015	28,481	29,843	29,652	31,017	27,751	26,267	28,144	29,081	
Acceptances	359	335	368	408	454	473	562	602	600	583	542	591	570	
ASSETS														
Cash and Bank of France	3,206	3,097	3,083	3,186	3,173	3,101	2,851	2,798	5,237	2,891	3,014	2,760	2,784	
Balances with other banks	2,410	2,326	2,757	2,766	2,839	2,913	3,589	3,770	3,596	3,579	3,666	3,933	4,178	
Discounts (including collections)	15,410	15,445	14,876	17,070	17,298	17,583	18,289	17,825	16,701	16,044	16,479	15,869	16,954	
Secured advances and current accounts	7,574	7,368	7,669	7,860	8,078	8,104	8,509	8,658	8,958	8,699	8,536	9,105	8,847	
Bank of France														
ASSETS														
Gold reserve	54,942*	54,511*	50,111*	64,359†	64,359†	60,359†	57,359†	57,359†	57,359†	57,359†	57,359†	48,859†	55,677‡	55,718‡
Foreign exchange	1,258	1,239	1,234	1,458	1,452	1,445	1,422	1,309	1,180	1,096	1,037	987	934	895
Total	56,200	55,750	51,345	65,817	65,811	61,804	58,781	58,668	58,539	58,455	58,396	49,846	56,611	56,613
Discounts	14,644	6,752	7,522	7,891	8,965	9,860	10,187	10,527	9,969	9,125	9,830	11,395	11,205	9,505
30-day advances	1,461	809	838	668	702	715	1,168	873	225	965	385	1,378	958	476
Security loans	3,555	3,454	3,553	3,447	3,464	3,583	3,701	3,594	3,698	3,918	3,777	4,465	4,064	3,763
Temporary advances to the State	5,742	14,655	15,903	12,416	12,298	17,698	19,772	19,772	20,066	19,991	19,980	23,966	23,887	25,218
Total	25,402	25,670	27,816	24,422	25,429	31,856	34,828	34,766	33,958	33,999	33,972	41,164	40,114	38,962
LIGHT LIABILITIES														
Bank notes in circulation	85,892	84,324	83,750	87,198	86,651	89,342	87,688	87,062	85,746	87,063	85,745	88,687	89,307	88,255
Deposits	7,849	8,560	8,339	13,219	15,128	15,744	17,235	17,701	18,381	17,769	17,920	14,118	18,375	18,179
Total	93,741	92,884	92,089	100,417	101,779	105,086	104,923	104,763	104,127	104,832	103,665	102,805	107,682	106,434

* Francs of 65.5 milligrams gold.

† Francs of 49 milligrams gold.

‡ Francs of 43 milligrams gold.

§ Not yet available.

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AGENTS AND CORRESPONDENTS THROUGHOUT THE WORLD

THE AUSTRALIAN BANKING COMMISSION

(BY A CORRESPONDENT)

AUSTRALIA has finally emerged from the depression. On every hand there is evidence of prosperity; real income per head is equal to the highest pre-depression levels and unemployment is as low as it ever has been. Government accounts, after the provision of nearly £A10 millions for debt reduction, showed an aggregate surplus of about £A1,000,000 for the year ended June 30th, when all seven Governments, except those of two smaller States, balanced their Budgets. There was a trade surplus (including gold) of £stg.35.9 millions for the twelve months ended last June, and a considerable inflow of capital from Europe, America and New Zealand. After meeting external commitments, about £stg.20 millions will have been added to London funds, bringing the total (including the note issue reserve) to about £stg.65 millions. About half of this amount is held by the central bank, the Commonwealth Bank of Australia, and the remainder by the trading banks. The improvement in the balance of payments also placed the trading banks in a sound position internally.

Australia since 1931 has made a co-ordinated national effort to prepare the ground for this recovery. It will be interesting to see how she tackles the equally difficult problem of prolonging prosperity. This will involve debt reduction, the avoidance of excessive expansion, and the building up of overseas reserves. Judging by its report for the half-year ended in June, the central bank fully realises the needs of the situation. The need for caution is also apparently felt by the trading banks, which have actually reduced advances in the past prosperous year.

This is the background in Australia for the reception of the Report of the Royal Commission on the "Monetary and Banking Systems" and on desirable alterations and the manner in which they should be effected. As a survey of the banking system it is excellent and the most exhaustive yet made. Its conclusions as to general lines of economic, including monetary, policy are sound. It does not, however, give a firm guide as to desirable changes in the system; almost every important recommendation is dissented from, or reservations are made about it, by one or more commissioners, whose opinions are important. The Government so far has only decided to give effect to the recommendations for mortgage lending to primary industry and for capital for small secondary industries.

The Commission, with one dissident, opposes nationalisation and concludes that "the most desirable banking system in the present circumstances in Australia is one which includes privately-owned trading banks"; it approves of the existing banks because organisation on a profit-making basis conduces to efficiency, while they afford borrowers a greater area of choice than under nationalisation.

The Commission also considered the ideal system was one "in which a strong central bank regulates the volume of credit, and pays some attention to its distribution." It added that the adoption of its recommendations "would place the central bank in that position." The Commonwealth Bank's trading and savings bank activities are held to be consistent with its central bank functions, as they give additional powers of control.

It must always be difficult to resolve the problem of the appropriate relationship between Government and central bank, for either is able to some extent to vitiate the policy of the other. Four of the six commissioners consider that, where differences are found to be irreconcilable "after full and frank discussion," the Government should give the bank an undertaking to accept responsibility for any proposed policy and an assurance that it can implement it. "It is then the duty of the bank," they say, "to accept this assurance and to carry out the policy of the Government." The Chairman, Mr Justice Napier, in his reservation, implied that the board might at times be justified in acting otherwise. Mr H. A. Pitt, Director of Finance to the Victorian Government,

held that the authority over the bank should rest, as at present, with Parliament and not with the Government of the day.

The repeal of the present gold and sterling backing against the note issue is advised by four out of six commissioners, the same two dissenting. This may be justifiable on theoretical grounds because existing provisions are a very distant check against inflation. Nevertheless a legally guarded external reserve for emergencies is essential in Australia's case, not only to meet overseas commitments, but to maintain confidence that she will. A maximum note issue of about £A60 millions is recommended. This the bank might exceed by an amount of about £A10 millions, but only "with the consent of the Treasurer." The latter phrase places a limitation on the bank by requiring it to obtain the Treasurer's permission for desired action and the Commission's principle covering the relations of the bank with the Government appears to imply that the initiative may come from the Government. These new provisions appear to give a Government scope for a considerable expansion; the note issue might be increased to £A70 millions from its present level of £A47 millions, and there would be no legal requirements to prevent a consequent depletion of London funds.

In the relations between the central bank and the trading banks the Commission places most reliance on co-operation, but it recommends drastic powers to be held in reserve. It proposes that the central bank, again "with the consent of the Treasurer," should be given power to requisition an unspecified percentage of trading bank deposits, to be lodged with the central bank as cash, and to vary the percentage. The period of the requisition would be six months, extensible to twelve with the Treasurer's consent; it would be limited to eighteen months out of every twenty-four. The Chairman opposed this recommendation, "which would give power to requisition up to the full amount of deposits," because "it goes beyond the necessities of the case," and because it was "a power which Parliament ought not to delegate." He was supported again by Mr Pitt, who considered a maximum deposit "with at least reasonable notice" should be specified.

Consideration was also given to the vexed question of the London resources of the central bank. A majority recommended an extension of the existing voluntary exchange mobilisation agreement, whereby the trading banks would sell regularly to the central bank London funds in excess of their present contributions for the debt service. This was considered unnecessary by Professor Mills, and Mr J. P. Abbott, who considered the agreement had worked well as an emergency measure and was no longer necessary. Professor Mills alone recommended the floating of a loan in London "at an appropriate time" for retiring the central bank's London holdings of short-term Government securities which amount to about £stg.30 millions.

The short-term debt, to which Professor Mills refers, might also be reduced by Governments paying the central bank in Australia for its retirement. This would sterilise resources in Australia, diminishing pressure on London funds, and provide the central bank with a fund for future depression finance. The same objects would be achieved as by retiring Treasury bills in Australia, which might be retained as a basis for the open market which the Commission recommends. The establishment of a permanent open market in Australia on the lines of the English one would not only increase the central bank's powers of credit control but might also encourage the trading banks to transfer to Australia some of the liquid resources they now choose to hold in London, thus further adding to the central bank's London funds.

The Commission considered that the holding of some trading bank liquid resources in the form of London funds does not materially affect the central bank, if it holds ample itself. From the borrowing public's stand-

point it is probably all to the good, for a small return on cash reserves which would be idle in Australia, makes possible lower advance rates. The Commission does not say what it considers is ample for the central bank, but implies that it may on occasion be desirable that con-

siderable London funds should be held outside the central bank, when it records that the raising of the exchange rate for the Australian pound in terms of sterling in 1931 was "one of the major contributions of monetary policy to recovery."

CANADIAN BANKING

(BY A CORRESPONDENT)

THE year has been an encouraging one for the Canadian banks. It has seen the consolidation of the central banking system, and has shown the impact on it of industrial recovery. Public attention has, however, been concentrated mainly upon the threat of disturbance from the Social Credit Government of Alberta. This controversy has been fully discussed elsewhere in *The Economist*, and need not, therefore, be discussed here.

Following the issue of new capital stock to the Government, six additional directors have been appointed by the Government to serve on the board of the Bank of Canada. Four of the six are outstanding business men; the fifth is Mr Coote, a farmer-politician who has been known as a monetary reformer; the sixth is Mr McQueen, head of the department of economics in the University of Manitoba. The selection of these Government directors has been described as "a typical Mackenzie King move," which appears to make some concession to the nationalists and monetary expansionists without, in fact, doing anything to initiate a radical change of policy. Certainly no radical change has appeared, though there have been interesting developments which are mentioned below.

The Canadian banking system has been enjoying the benefits of increasing prosperity in most of the country, and the operations of the Bank of Canada and the chartered banks must be viewed against this background of

improving business. In 1936 the wheat crop was again very low; but the farmers found compensation in much higher prices. This year conditions have been rather more satisfactory except in Saskatchewan, where the crop failure is complete. Canada has its depressed area, but elsewhere conditions are very bright. The total physical volume of production, measured by the seasonally adjusted index, stood at 126.5 in July, 1937, against 110.8 a year previously. The component series bring out the changing balance of the Canadian economy: mineral production has risen from 169.0 to 215.3, as new mines have reached the productive stage, while manufacturing industry has risen from 109.5 to 127.2. Tourist traffic has reached very high levels. Capital construction has at last shown appreciable revival, but is still rather low as compared with the levels reached in the last boom. Generally speaking, it may be said that Canada is experiencing greater prosperity than in any year since 1930, but that this prosperity is far more dependent upon mining industries than was the prosperity of 1927-30.

The main effects of this developing prosperity on the banks have been an increasing demand for cash for circulation and—at long last—a revival in the demand for bank loans. The way in which the banking system has adapted itself to the situation has largely depended upon the operations of the Bank of Canada, which are

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apparent in the following figures, abstracted from weekly returns near the end of each quarter:—

BANK OF CANADA RETURNS

(millions of dollars)

	June 30, 1936	Sept. 30, 1936	Dec. 30, 1936	Mar. 29, 1937	June 30, 1937	Sept. 29, 1937
Notes	96	128	136	126	133	161
Govt. deposits	18	14	22	37	15	26
Bankers' deposits	189	174	187	194	190	180
Gold	180	179	179	187	181	179
Sterling and U.S. dollars	9.7	3.1	13.1	19.7	18.1	26.1
Govt. Securities (Canadian)	112	138	162	153	134	159
Other securities	...	...	...	...	10	11

The movements in Government deposits are due to temporary discrepancies between Government receipts and disbursements, and are apparently not allowed to have any seriously disturbing influence on bankers' deposits. In the remainder of the figures we have to allow for the seasonal movement of the note issue, which swells to its maximum in the second half of each year. Apart from these seasonal movements the upward trends in the note issue, in security holdings and in reserves of foreign exchange are clear. The Bank of Canada has allowed the chartered banks to draw more notes, without reducing bankers' deposits appreciably, by itself acquiring additional securities and foreign exchange. The central bank has, that is to say, created the new cash which has been wanted by the banks for circulation and till-money. Of the assets it has acquired, \$11 millions, mostly bought in June, are described as "Other securities." No public explanation has been given, but it is understood that these new securities are short-term British and United States securities. Twenty-one million dollars have been added to the reserves of sterling and United States dollars. These substantial additions to the bank's foreign assets may be ascribed either to the bank's desire to maintain its foreign assets at about 60 per cent. of its liabilities or to a desire to strengthen its foreign reserves while the chartered banks continue their recent policy of allowing their foreign liabilities to exceed their foreign assets (in contrast to their general post-war position).

While the central bank has been prepared to provide them with increasing cash to meet public demands, the chartered banks have increased their security holdings from \$1,368 millions to \$1,442 millions, as well as meeting the increased demand for current loans, which have reversed their six-years' downward trend and risen from \$657 millions in June, 1936, to \$728 millions in June, 1937. The banks are holding a little more till-money

(Bank of Canada notes), while their deposits at the Bank of Canada have remained practically unchanged. In relation to the higher level of deposit liabilities to the public the bankers' deposits are now about 8 per cent. against 9 per cent., and thus still well above the statutory minimum of 5 per cent. That the Bank of Canada should have added to its securities while the cash position of the banks was still so strong is evidence of its determination not to allow any banking stringency to check the boom yet. The policy has involved no appreciable fall in bank interest rates. The yield on long-term Government bonds in Canada as elsewhere has risen slightly (from 3.16 to 3.35 per cent.). The index of common stock prices rose from 114 in July, 1936, to 133 in July, 1937.

While there has been no general change in bank loan charges, there have been two interesting innovations having expansionist effects. The first is the Home Improvement Plan, sponsored by the Government, under which a bank will lend at 3½ per cent. per annum for one, two or three years. The Dominion Government guarantees each bank against loss up to 15 per cent. of its total Home Improvement loans. Secondly, the Canadian Bank of Commerce has appeared as a competitor of the ordinary moneylenders by granting small personal loans (two signatures being required) at 6 per cent., the loans being repayable in monthly instalments. The former of these two novelties is said to have been little used as yet; the latter has had considerable success.

Some increase in total operations and, more especially, the increased outlet for current loans, have enabled the banks to earn bigger profits. But dividends remain at the depression levels, and unless the secular downward trend in the demand for bank loans is reversed a return to the high dividends of earlier years appears impossible.

The Bank of Canada has performed useful advisory services as investigator into the public finances of the three Prairie Provinces. The provincial Governments have been urged again and again to bank with the Bank of Canada; but none of them has yet done so. The Bank commenced in January the issue of a Statistical Summary, which, like its English prototype, presents the material in tables and graphs without interpretation.

The balance of trade has continued to be favourable, higher wheat prices, enormous American tourist traffic and bigger and more valuable mineral production all having helped. The balance on current account for 1936 was probably nearly \$350 millions. This has enabled Canada to redeem and repurchase large amounts of her securities held abroad, while the banking system as a whole has been able to maintain its foreign assets without divorcing the Canadian dollar from that of the United States.

vities, and also undertakes on its own account the purchase of sterling funds in order to meet the Government of India's remittance requirements. In this connection it may be mentioned that the accumulation of large sterling balances in London is no longer a matter in which either the Government of India or the Secretary of State is actively interested, as the responsibility for the maintenance of adequate resources has devolved upon the Reserve Bank alone. Between January and April, 1937, the Bank purchased some £30 millions sterling at rs. 6½d., thus placing some Rs. 40 crores at the disposal of the money market in India. Simultaneously, the total of Treasury bills outstanding with the public was allowed to fall from about Rs. 28 crores in January to Rs. 13 crores in April. Currency expansion, however, was limited to a total of about Rs. 12 crores, mainly against sterling assets. On April 1, 1937, Rs. 5 crores of excess silver coin was handed over to the Government against rupee securities. With the better demand for money the average rate for the three months' Treasury bill advanced from about ½ per cent. in August-September, 1936, to just over 1 per cent. in January, 1937. Though the prices of Government securities eased in the first three months of the new year, the recession was only slight and prices have since shown some recovery. Three and a half per cent. Government paper is now quoted at about Rs. 98, as compared with Rs. 100 in October, 1936, and Rs. 91.3 in March, 1937.

With the general improvement recorded in agricultural conditions, increased profits have been shown by the joint-stock and indigenous banks during the half-year ended June 30, 1937, and in view of the progressive development of industrial activity and the execution of schemes requiring capital expenditure which are now being undertaken by many of the autonomous Provinces, the banking outlook is brighter than it has been for some years. Fortunately the falling off in the exports of gold has been more than compensated for by increased exports of merchandise, with the result that exchange has been steady and the balance of trade sufficiently large to enable a steady volume of imports to be maintained, a factor which will in due course be reflected in the increased yield of Customs duties.

On January 15, 1937, certain amendments to the Indian Companies Act of 1913 came into force, by which, *inter alia*, a banking company is defined as a company which carries on as its "principal" business the accepting of deposits of money on current account or otherwise subject to withdrawal by cheque, draft or order. Banking companies formed after January 15, 1937, must now expressly limit the objects set out in the Memorandum to accord with the activities enumerated in the Company's Act as amended (Section

277 F). A number of further regulations are provided affecting banks, and it may be said that the new sections as a whole are a praiseworthy attempt to establish good banking by decree, though how far this will be successful remains to be seen.

The important political changes which took place on April 1st have of necessity meant alterations in the relations of the Reserve Bank with the various Provincial Governments. The political separation of Burma from India is now reflected in the Reserve Bank's weekly statement, which shows the totals of notes issued and in circulation in Burma separately, though the Reserve Bank continues to have the sole right of note issue in both countries. Indian notes remain legal tender in Burma, but the Burma notes are overprinted "legal tender in Burma only." Both classes of notes, however, possess the right of convertibility into the silver rupee, and it is provided that the Indian rupee coin and subsidiary coin shall remain legal tender in Burma for not less than two years from April 1, 1937. Another consequential change of the new regime is exemplified by the recent issue in India by the Reserve Bank in its capacity as Provincial Government banker of a joint loan on behalf of the five Provinces of Madras, United Provinces, North-West Frontier Province, Central Provinces and Berar, and the Punjab. The total amount offered was Rs. 4 crores 60 lakhs at 3 per cent., repayable 1952 with an issue price of 99, and as the offer was well timed and well conceived it met with complete success. Other aspects of the Reserve Bank's activities during the year are set out in its report issued in February, 1937.

One feature to which the report draws attention is the increase in the numbers of branch offices of the scheduled banks from 723 to 828 during the year ended December, 1936. Under section 55 (1) (b) of the Reserve Bank Act, the Bank duly issued its report in December with reference to the methods of effecting a closer connection between the Bank's operations and agricultural enterprise. The report, however, contained little that had not been said before on the subject, and the main conclusion arrived at was that until a good deal of preliminary clarification and organisation had been effected along the lines recommended, the Reserve Bank would be in no position to depart substantially from its existing practice. Recently, however, the Reserve Bank issued to all scheduled banks and the Shroffs Association a circular letter requesting constructive suggestions for bringing within the framework of organised banking operations those persons and firms not being scheduled banks engaged in the business of banking in India. The Reserve Bank suggests that in certain circumstances it

INDIAN BANKING

(BY A CORRESPONDENT)

ONE of the most important features of the Indian economic situation during the past year has been the sustained improvement which has occurred, owing to favourable world trends, in the commodity price level. Since August, 1936, the Calcutta index number of wholesale prices has risen by some 15 points to 105 (July, 1914 = 100), chiefly owing to the better prices obtained for oilseeds, tea, jute and jute manufactures. With this stimulus both internal and external trade have been progressively active. In consequence of this activity the demand for money broadened considerably during the busy exporting months of November, 1936, to May, 1937, and bankers' call money rates in the chief towns quickly reflected the altered conditions. The rate for call money, which for months previously had been a nominal ½ per cent., advanced during the period to over 1½ per cent., and the three months' deposit rate also moved up from ½ per cent. in October, 1936, to about 1½ per cent. as late in the season as April, 1937. The total advances of all the scheduled banks, as shown by the Reserve Bank's consolidated return statement, amounted, in

October, 1936, to Rs. 89.37 crores, or 38.71 per cent. of the banks' demand and time liabilities, but at the height of the exporting season in April, 1937, the percentage had risen to 54.42 (Rs. 132.68 crores), as compared with a high level of 45.54 (Rs. 101 crores) in April, 1936. Similarly, the cash ratio, expressed as a percentage of demand and time liabilities, fell from 14.98 per cent. in September, 1936, to 9.9 per cent. in January, 1937. The Reserve Bank then took steps to ease the position, and the percentage gradually rose to about 12.93 per cent. in April, 1937. No change was made in the Bank rate, which continued at 3 per cent. throughout the year, and as the Reserve Bank judiciously expanded currency as occasion arose, no undue stringency was experienced in the money market. The active note circulation rose from Rs. 165 crores in September, 1936, to Rs. 195 crores in April, 1937, and the demand and time deposits of the scheduled banks increased in the same period from Rs. 230 crores to Rs. 241 crores.

The Reserve Bank now regulates the issue of Treasury bills in India as part of its normal central banking acti-

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might be prepared to make advances against trade bills endorsed by indigenous bankers or against the promissory notes of indigenous bankers drawn for the purpose of assisting trade or agriculture provided the scheduled bank acted as intermediary and was prepared to take the risk of default. The Bank suggests that by this means the benefit of the cheap discount rates granted

by it to the scheduled banks would be passed on to the indigenous banker. At the moment of writing it is not known what response has been received from the scheduled banks to the suggestions, but under section 55 (1) (a) of the Act, the Bank will have to make a report on the matter to the Governor-General before April 1 next year.

IRISH BANKING

(BY A CORRESPONDENT)

No striking changes have taken place in the economic life of the Irish Free State in the last year, but the general rise of prices has had the effect of increasing the unfavourable trade balance to a degree that is causing some anxiety. In the first six months of the present year imports amounted to £21.6 millions, compared with £19.1 millions in the same period last year, while exports rose from £10.0 millions to £10.5 millions. The unfavourable trade balance is thus £11.0 millions for the first half of the year, and, unless some material change occurs in present trends, it will amount to £22.0 millions for the whole year. While there is some doubt over the details of the Free State's invisible imports and exports, it can be stated with certainty that the favourable balance on invisible account is not sufficient to bridge a gap of this magnitude, and the country is undoubtedly dissipating its external assets. This conclusion is borne out by the decline that has taken place in the net sterling assets of the banks, which have fallen from £72.4 millions in the middle of last year to £71.1 millions in the middle of the present year.

From the standpoint of the maintenance of currency stability such a situation is obviously unsatisfactory, and it is important to attempt some forecast of the probable future course of the balance of payments. Many of the principal invisible exports, e.g. emigrants' remittances, British pensions and the receipts of the sweepstakes, are wasting in their nature, but some increase in dividends from abroad and tourist expenditure may possibly be expected. There is no reason to think that any of the invisible imports will decline. The value, if not the volume, of visible imports may be expected to increase if the general price level continues to rise, and the balance of payments will therefore tend to become more rather than less unfavourable unless visible exports are substantially increased. No growth of industrial exports can be hoped for, and it is to agriculture that the Free State must look for the exports which are vitally necessary if the creditor position of the country is not to be continuously and progressively impaired. The stimulation of agricultural exports is, for the time being at least, very difficult owing to the British penal duties and the absence of alternative markets. It is true that part of the imports represent capital goods for the new protected industries, but the success of these industries will involve further imports of raw materials and consumption goods purchased by wage-earners. The capital nature of the imports does not therefore alter their effect on the balance of payments, and it is questionable to what extent the country will profit by financing new industries by the repatriation of external investments.

The position of the currency is also affected by the rise in the internal price and cost level. Numerous measures of State interference have resulted, by accident or design, in an increase in the prices of many agricultural and industrial products. The cost of living has risen steeply in recent months, and much labour unrest has been caused thereby. Considerable sums are being spent on building and other constructional works by public authorities, and expenditure thus generated—much of which is being financed by borrowing—is coming to form a large percentage of the total national income. Evidence of this internal expansion and of the rise in prices by which it is accompanied is to be found in the statistics of bank debits, which have increased from £245.0 millions in the period January-June, 1936, to £259.2 millions in the corresponding period this year. The same tendencies are illustrated by the growth of the

total monetary circulation from 15.2 millions in June, 1936, to £16.2 millions in June of this year.

The first impression conveyed by the banking statistics is the surprising stability of the Irish banking system during a period of serious economic dislocation and transition. The total assets and liabilities of the Free State shareholding banks show practically no variation, and the changes in the constituent items of their balance sheets are quite moderate. The public have certainly lost none of their confidence in the banks in spite of the difficulties of the times. The slight shrinkage that has taken place in deposits is, it is to be feared, a reflection of agricultural distress, since there is evidence that the withdrawals have been greatest at country branches. Indeed it is probable that urban deposits, and in particular current accounts, have increased. The rise in loans and advances is a satisfactory feature of the returns, as it indicates that the rise in prices has widened the field of profitable borrowing. The new advances have been financed by a reduction in cash and investments, but the banks still maintain their assets in an unusually, but not therefore undesirably, liquid form.

The profits of the banks have risen during the year, as the result partly of the increase of advances and partly of the slightly higher rates of interest that have ruled. All the banks have maintained their rates of dividend, while two have increased them. The tax on consolidated banknotes has been reduced from 3 to 2½ per cent., but it is still too high to render the note issue privilege profitable at present interest rates. The banks, however, are willing to pay a price for the privilege, which they apparently regard as possessing some advertising value; and, of course, the present cheap money regime may not continue indefinitely.

The Report of the Currency Commission for the year ended March 31, 1937, states that the volume of the legal tender note issue fluctuated during the year between a minimum of £8,058,581 and a maximum of £9,699,132, the latter being the highest figure ever attained by this issue. On March 31, 1937, the Currency Commission held in the Legal Tender Note Fund, as the primary backing of these notes, sterling assets amounting to £9,112,355, of which £3,593,034 consisted of British Government securities of maturity exceeding twelve months. The other assets in the Fund consisted of cash, London balances and British Government securities maturing within twelve months. The convertibility of the Free State currency is thus amply secured. The surplus income of the Commission for the year 1936-37 amounted to £189,097, as compared with £195,213 in the previous year. The Currency Commission is also responsible for the issue of consolidated banknotes, which are assigned to the shareholding banks in amounts determined by a triennial revision. The maximum amount of this issue is £6,000,000, and the total note issue in the Free State is therefore about £15,000,000, to which must be added an unknown, but declining, quantity of British notes.

The Report of the Agricultural Credit Corporation for the year ended October 31, 1936, states that the interest rate on loans made after January 17, 1936, was reduced from 6 to 5 per cent., and that this reduction has stimulated business considerably and has been of much benefit to borrowers. The aggregate of loans issued by the Corporation from the opening of business in 1927 amounted to £1,370,627, and the number of loans was 16,719, of which 16,408 were for sums under £500; 159 for sums between £500 and £1,000; and 80 loans were

for sums of £1,000 and upwards. The average amount per loan was £82.

The Industrial Credit Company has continued to underwrite new issues on the Dublin capital market. In July, 1936, an issue was made of 500,000 additional shares of £1, on which 12s. 6d. has been paid up. The paid-up capital of the company is now £812,500, of which the Government holds by far the largest part. During the last complete year of its operations the company undertook six capital issues, the net cash total involved being £1,149,400. The Company was also

associated with the underwriting of the Dublin Corporation 4 per cent. Redeemable Stock, 1960-85. The net cash total of the capital issues undertaken by the Company since its incorporation in 1933 is £3,968,400. Of this total the underwriters were called upon to take up slightly over 12½ per cent.

The Commission of Inquiry into Banking, Currency and Credit has not yet presented its report, but it is understood that the Commission is approaching the end of its investigations, and its report is awaited with widespread interest.

SOUTH AFRICAN BANKING

(BY A CORRESPONDENT)

The year 1936-37 has seen a noticeable widening of the area of South African prosperity, which had hitherto been based mainly on goldmining and its dependent industries. During the last few months the almost fantastic boom in the Witwatersrand has received something of a check, probably salutary, arising from fears of a possible fall in the price of gold and from the consequent heavy falls in prices of gold-mining shares, especially of the more speculative type. One effect of this reaction may be seen in the sharp decline in bank debits in the Transvaal in May and June. On the other hand, conditions in the farming industry have continued to improve substantially, mainly in consequence of higher world prices:—

PRINCIPAL EXPORTS OF FARM PRODUCE
(In million £)

	1928-9	1931-2	1935-6	1936-7
Wool.....	16.4	5.4	9.1	13.8
Maize.....	4.6	0.7	0.7	0.2
Hides and skins.....	4.0	0.9	1.7	2.3
Other.....	2.4	4.6	7.9	7.3
	27.4	11.6	19.4	23.6
Index of prices.....	100	38	68	79
Index of quantity.....	100	112	104	109

During the past year, the rise in exports of farm produce has been due mainly to an increase of over 25 per cent. in the price and of nearly 20 per cent. in the quantity of wool shipped. In the present year, an excellent maize crop will mean an increase of something like £5 millions in the value of maize exports. If prices are maintained, the value of farm produce exported in 1937-38 will probably be back at the pre-depression level.

The improvement in farming conditions is already showing itself in the hitherto relatively depressed indices of business activity in the areas outside the Transvaal:—

BUSINESS INDICATORS

	1931-2		1935-6		1936-7	
	£ mill.	Per cent. of 1928-9	£ mill.	Per cent. of 1928-9	£ mill.	Per cent. of 1928-9
Bank debits to individual accounts:—						
Transvaal.....	557	87	1,097	171	1,479	233
Other provs.....	537	70	627	79	752	95
Value of buildings commenced:—						
Witwatersrand.....	3.5	70	10.8	229	12.0	256
Other towns.....	3.5	57	4.6	75	6.8	111
	June, 1932		June, 1936		June, 1937	
Index of European employment in industrial establishments:—						
Witwatersrand.....	83		141		146	
Other towns.....	80		107		113	

The recovery in the prosperity of farming areas is of the greatest importance to the South African banks, for farmers are among their best customers for advances. It is probably to the improvement in farming prospects that we may attribute much of the sharp further increase in the total of their South African advances from £47.5 millions in June, 1936, to £55.5 millions in June, 1937.

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which have fallen by £4.6 millions. Of this decline in cash, however, not more than about £1 million, or at most £2 millions, can be attributed to an excess of South African overseas payments over receipts. The rest is due to an increase in the circulation of Reserve Bank notes and to an expansion in non-banking deposits with the Reserve Bank.

BALANCE OF PAYMENTS

(In million £)

	1935-36	1936-37
Exports of merchandise	30.6	37.3
Gold produced	77.3	80.8
Total Exports	107.9	118.1
Imports	80.8	94.3
Export Surplus	27.1	23.8
Estimated net balance of other payments on income account	27.0	28.0
Balance of payments on income account	0.1	4.2
Estimated provision for repayment of Government overseas debt	15.0	10.0
Reduction in S.A. banking system's reserves of gold and foreign exchange	-14.9	-14.2
Estimated net inflow of capital	9.9	12.7

In view of the fact that in 1936-37 the South African balance of payments was probably adverse, and no less than £18.7 millions of South African Government debt was paid off in London, the negligible amount of the reduction in the banking system's holdings of gold and foreign exchange is at first sight remarkable. No doubt the bulk of the £11 millions of debt repaid in July, 1936, had been provided for in 1935-36, while some of the £10 millions repaid in 1935-36 may have been provided for in 1934-35. If we put the transfer of South African Government funds to London for debt repayment at £15

millions in 1935-36 and £10 millions in 1936-37 we may be somewhere near the truth. The estimates of the South African balance of payments would then be somewhat as shown above.

It would appear that the balance of payments on income account was approximately in equilibrium in 1935-36, but that in 1936-37 the rapid further rise in imports caused a moderate excess of payments to appear. The net inflow of capital from abroad, however, was sufficient to provide both for the excess of payments on income account and for heavy repayments of Government debt in London. Some confirmation of these estimates of capital imports may be obtained from an inspection of the long list of South African securities, both mining and other, issued in London or introduced to the London Stock Exchange during the past two years.

The present position is that the cash reserves of the South African commercial banks, despite reductions caused by the heavy repayments of Government overseas debt in recent years and the expansion of the local note circulation, still stand at more than twice their statutory minima, while the position of the Reserve Bank is equally comfortable, even without a revaluation of its gold holdings. Even if 1937-38 should see both a further marked rise in imports and a slackening of the inflow of capital, the expected further rise in exports and the cessation of repayments of Government overseas debt would probably render unnecessary any serious depletion of bank reserves, always provided that prices of commodities and especially of gold are maintained. The only check on the expansion of advances will therefore continue to be, as during the past four years, the discretion and judgment of those responsible for the policies of the commercial banks. Whether they permit their advances to rise above their present profitable level will depend largely on their expectations regarding the future, and especially on their view of the probable future course of prices of commodities and gold.

JOINT STOCK BANKS CONDUCTING BUSINESS IN THE UNION OF SOUTH AFRICA

(000's omitted)

Date	LIABILITIES					ASSETS					
	Capital and Reserves	Notes	Deposits	Due to Head Office and Branches	Total (including Other Liabilities)	Cash and Call (b)	Due by other Banks	Investments	Discounts and Advances	Due by Head Office and Branches	Total (including Other Assets)
IN THE UNION (South African Currency)											
1914—Dec. 31	£ 3,479	£ 2,357	£ 35,668	(a)	£ 42,885	£ 6,616	(a)	£ 2,225	£ 29,697	(a)	£ 38,872
1919 ..	4,047	7,985	87,874	244	104,111	7,960	593	3,260	55,541	31,124	102,075
1927 ..	109	...	59,383	649	63,028	8,789	615	2,872	41,885	7,347	64,811
1928 ..	112	...	62,249	1,095	66,694	8,842	179	5,159	45,378	5,965	68,532
1929 ..	115	...	60,833	3,846	67,717	8,768	141	4,083	51,053	2,537	69,826
1930 ..	117	...	63,519	629	67,383	8,157	170	5,753	44,515	10,448	72,451
1931 ..	120	...	56,632	2,749	62,196	6,967	114	5,888	45,542	59	62,251
1932 ..	123	...	54,364	2,226	60,042	6,950	167	8,150	40,052	3	60,069
1933 ..	124	...	81,247	302	85,152	29,376	327	7,605	37,895	5,376	85,078
1934 ..	125	...	85,212	385	89,316	25,144	1,000	8,621	47,012	2,822	89,181
1935 ..	127	...	88,400	1,435	93,589	31,395	1,338	5,681	48,234	2,173	93,477
1936—June 30	130	...	86,019	290	89,460	25,855	549	10,975	47,497	294	89,374
1936—Dec. 31	130	...	94,542	691	98,457	25,791	490	13,591	52,833	1,404	98,329
1937—June 30	134	...	91,599	418	95,041	21,224	497	12,612	55,453	684	94,932
OUTSIDE THE UNION (Sterling)											
1914—Dec. 31	£ 4,627	£ 47	£ 9,729	(a)	£ 25,413	£ 2,243	(a)	£ 2,405	£ 11,006	(a)	£ 28,426
1919 ..	5,372	235	19,203	21,584	55,186	9,784	3,409	14,063	26,114	242	57,222
1927 ..	11,983	1,516	37,514	2,276	63,997	7,265	4,905	15,417	28,326	2,507	62,214
1928 ..	12,186	1,517	39,695	3,641	69,686	7,540	5,729	16,070	29,902	4,413	67,847
1929 ..	12,825	1,518	40,801	94	67,523	6,924	5,560	13,350	28,313	7,116	65,414
1930 ..	12,935	1,418	40,996	6,699	72,758	8,168	6,809	24,698	21,654	610	67,689
1931 ..	13,143	1,237	40,154	...	65,826	7,092	7,219	21,842	22,375	4,591	65,748
1932 ..	13,212	1,163	51,301	...	78,368	8,457	7,587	32,191	21,894	3,852	78,337
1933 ..	12,522	1,169	42,687	3,707	72,149	6,084	6,238	34,714	21,787	899	72,225
1934 ..	12,815	1,257	44,183	823	72,098	7,407	7,039	33,340	21,829	340	72,234
1935 ..	12,933	1,412	51,229	...	80,924	8,416	10,929	31,713	25,520	1,633	81,036
1936—June 30	12,929	1,655	...	...	82,174	9,211	11,653	32,856	22,423	3,368	82,259
1936—Dec. 31	12,808	1,647	51,760	...	82,520	7,191	7,038	34,378	27,289	3,924	82,648
1937—June 30	13,334	1,910	59,667	...	92,580	8,043	13,715	36,421	28,307	3,454	92,689

NOTES.—(a) Not available.

(b) Including throughout balances with the South African Reserve Bank.

(c) Excluding Money at Call, which for this year is included with other assets.

The change in the figures between earlier years and 1927 is due to the incorporation of the National Bank of South Africa, Ltd., with Barclays Bank (Dominion, Colonial and Overseas).

LLOYDS BANK LIMITED

Chairman

The Rt. Hon. Lord Wardington

Deputy Chairman

Sir Austin E. Harris, K.B.E.



Vice-Chairman

Francis A. Beane

Chief General Manager

G. F. Abell

Joint General Managers

W. G. Johns, D.S.O., R. A. Wilson, Sydney Parkes, S. P. Cherrington

TOTAL ASSETS EXCEED
£475,000,000

The Bank transacts every kind of banking business and offers a complete and efficient service with facilities throughout the World.

Head Office: 71 LOMBARD STREET, LONDON, E.C.3

THE STANDARD BANK OF SOUTH AFRICA

Bankers to the Imperial Government in South Africa and to the Governments of Northern Rhodesia, Southern Rhodesia, Nyasaland and Tanganyika

LIMITED.

CAPITAL AUTHORISED & SUBSCRIBED - £10,000,000
CAPITAL PAID-UP - £2,500,000
RESERVE FUND - £3,000,000
CAPITAL UNCALLED - £7,500,000

Head Office: 10, CLEMENTS LANE, LOMBARD STREET,
and 71, KING WILLIAM STREET, LONDON, E.C.4

LONDON WALL BRANCH: 63, London Wall, E.C.2 **WEST END BRANCH: 9, Northumberland Ave., W.C.2**
New York Agency: 67, Wall Street **Hamburg Agency: 49, Schauenburgerstrasse**

Over 370 Branches, Sub-Branches and Agencies in South, East and Central Africa

EXECUTOR AND TRUSTEE BUSINESS CONDUCTED.

COMMERCIAL SERVICE

The Bank has over 370 Branches in Africa, and Agents and Correspondents throughout the world. The closest touch with Trade and Industrial conditions is maintained with special attention to Commercial and Credit Intelligence. This service is available to Exporters, Importers and others wishing to develop trade with South, East and Central Africa.

THE STANDARD BANK MONTHLY REVIEW is sent post free on application. It gives the latest information on all South, East and Central African matters of Trade and Commercial Interest.

RALPH GIBSON, London Manager

DOMINION JOINT STOCK BANKS WITH LONDON OFFICES

IRISH FREE STATE BANKS

IRISH FREE STATE BANKS										
1		2	3	4		5	6	7	8	
Name of Bank	Date	No. of Branches and Sub-branches	Capital Subscribed	Uncalled Capital		Capital Paid-up	Reserve Fund	Un-divided Profits	Notes in Circulation	
				Callable	Reserved					
Bank of Ireland	Dec. 31, '36	104	2,769,231	£ ...	£ ...	£ 2,769,231	£ 3,180,000	£ 261,932	£ 1,965,762	
Hibernian Bank	June 30, '37	62	2,000,000	500,000	1,000,000	500,000	710,000	59,882	498,925	
Munster and Leinster Bank ...	June 30, '37	215	1,875,000	1,125,000	...	750,000	1,000,000	88,655	829,845	
National Bank	June 30, '37	274	7,500,000	1,000,000	5,000,000	1,500,000	1,120,000	149,127	1,342,039	
Provincial Bank of Ireland } Do. New	June 30, '37	128	4,080,000	1,500,000	2,040,000	540,000	515,000	61,784	1,037,107	
Royal Bank of Ireland	Dec. 31, '36	41	1,500,000	300,000	900,000	300,000	305,000	23,285	238,347	
Total		824	19,724,231	4,425,000	8,940,000	6,359,231	6,830,000	644,665	5,912,025	

AFRICAN BANKS

AFRICAN BANKS									
Bank of Br. West Africa, Ltd.	Mar. 31, '37	41	3,000,000	300,000	1,500,000	1,200,000	400,000	91,609	...
Barclays Bank (Dominion, Colonial and Overseas)	Sept. 30, '36	494	6,975,500	2,000,000	3,024,000	4,975,500	1,925,000	...	930,389
Netherlands Bank of S. Africa	Sept. 30, '36	20	628,037	Nil	Nil	628,037	301,592	50,329	...
Standard Bk. of S. Africa, Ltd.	Mar. 31, '37	375	10,000,000	7,500,000	Nil	2,500,000	3,000,000	499,292	736,134
Total		930	20,603,537	9,800,000	4,524,000	9,303,537	5,626,592	641,230	1,686,523

AUSTRALASIAN BANKS

AUSTRALIAN BANKS									
Commonwealth Bank of Australia.....	June 30, '37	268	20,000,000	...	...	4,000,000	2,418,537	...	...
Bank of Adelaide	Mar. 29, '37	112	1,250,000	Nil	1,250,000	1,250,000	1,000,000	73,307	6,574
Bank of Australasia	Oct. 12, '36	236	4,500,000	Nil	4,500,000	4,500,000	4,475,000	383,134	2,795
Bank of New South Wales ...	Sept. 30, '36	777	8,780,000	Nil	8,780,000	8,780,000	6,150,000	261,200	81,449
Bank of New Zealand	Mar. 31, '37	226	6,935,175	Nil	Nil	6,935,175	3,575,000	645,749	628
Commercial Bank of Australia, Ltd.	June 30, '37	536	4,117,350	Nil	Nil	4,117,350	2,250,000	212,351	6,195
Commercial Banking Company of Sydney, Ltd.	June 30, '37	435	9,478,025	Nil	4,739,012	4,739,012	4,300,000	285,097	13,658
English, Scottish & Australian Bank, Ltd.	June 30, '36	383	5,000,000	2,000,000	Nil	4,872,966	3,265,000	466,787	1,012
National Bank of Australasia, Ltd.	Mar. 31, '37	327	6,800,000	1,800,000	Nil	5,000,000	3,300,000	307,540	47,564
National Bank of New Zealand, Ltd.	Mar. 31, '37	58	6,000,000	4,000,000	Nil	2,000,000	1,500,000	152,797	...
Queensland National Bank, Ltd.	June 30, '37	101	1,750,000	Nil	Nil	4,500,842	860,000	59,756	...
Union Bank of Australia, Ltd.	Aug. 31, '36	225	12,000,000	Nil	8,000,000	4,000,000	4,850,000	266,864	7,567
Total (excluding Commonwealth Bank of Australia)		3,684	66,610,550	7,800,000	27,269,012	50,695,345	35,525,000	3,094,582	167,442

(a) Contingent liabilities.

CANADIAN BANKS

CANADIAN BANKS									
Bank of Montreal	Oct. 31, '36	525	7,200,000	Nil	7,200,000	7,200,000	7,800,000	353,230	5,549,994
Bank of Nova Scotia	Dec. 31, '36	303	2,400,000	Nil	2,400,000	2,400,000	4,800,000	233,087	1,883,182
Canadian Bank of Commerce...	Nov. 30, '36	593	6,000,000	Nil	6,000,000	6,000,000	4,000,000	284,003	4,911,950
Dominion Bank	Dec. 31, '36	132	1,400,000	Nil	1,400,000	1,400,000	1,400,000	168,957	1,114,140
Royal Bank of Canada	May 31, '37	717	7,000,000	Nil	7,000,000	7,000,000	4,000,000	522,759	5,893,188
Total		2,270	24,000,000	Nil	24,000,000	24,000,000	22,000,000	1,542,016	19,352,454

(Converted at rate of \$5 to £1.)

INDIAN BANKS

INDIAN BANKS									
Chartered Bank of India, Australia and China	Dec. 31, '36	44	3,000,000	Nil	3,000,000	3,000,000			
Eastern Bank, Ltd.	Dec. 31, '36	12	2,000,000	Nil	1,000,000	1,000,000	3,000,000	467,720	1,609,224
Mercantile Bk. of India, Ltd. }			750,000	187,500	187,500		500,000	164,018	...
Do. " B " Shares }	Dec. 31, '36	23	750,000	187,500	187,500				
Do. " C " Shares }			1,500,000	1,200,000	Nil	1,050,000	1,075,000	235,829	254,573
National Bank of India, Ltd.	Dec. 31, '36	29	4,000,000	2,000,000	Nil	2,000,000	2,200,000	523,955	...
Total		108	12,000,000	3,875,000	4,375,000	7,050,000	6,775,000	1,391,522	1,863,797

DOMINION JOINT STOCK BANKS WITH LONDON OFFICES

IRISH FREE STATE BANKS

IRISH FREE STATE BANKS										
9	10	11	12	13		14	15	16	17	18
Acceptances and Bills for Collection	Miscellaneous Liabilities	Deposits	Total Liabilities and Assets	Cash in Hand and Money at Call and Short Notice		Investments	Bills Discounted or Purchased (when shown separately)	Bills, Loans, and Advances	Premises and Sundries (including Cover for Acceptances)	Name of Bank
				Cash in Hand, with Banks and in Transit	Money at Call and Short Notice					
£ 20,000	£ ...	£ 36,963,843	£ 45,160,768	£ 2,531,949	£ 2,879,540	£ 24,839,968	£ ...	£ 14,273,783	£ 635,528	Bank of Ireland
...	30,853	10,774,592	12,574,252	881,914	...	5,309,484	...	6,206,484	176,370	Hibernian Bank
...	...	24,246,126	26,914,026	1,158,155	1,100,000	12,910,430	969,964	10,389,859	386,218	Munster & Leinster
323,844	...	38,054,015	42,489,025	4,218,080	4,062,314	15,565,004	1,491,222	16,142,847	1,009,558	National Bank
...	200	15,310,324	17,464,415	716,446	1,050,000	8,460,644	1,004,521	6,039,028	193,776	{ Pro. Bk. of Irel'd. Do. New
2,865	...	6,432,826	7,302,323	649,417	...	2,397,760	88,359	3,913,922	252,865	Royal B. of Irel'd.
346,709	31,053	131,781,726	151,905,409	10,155,961	9,091,854	69,483,290	3,554,066	56,965,923	2,654,315	Total

AFRICAN BANKS

AFRICAN BANKS										
709,749	286,511	8,695,296	11,383,165	2,325,229	...	3,123,280	612,536	4,348,112	974,008	Bank of British W. Africa.
4,946,849	...	96,992,504	109,770,242	27,085,099	2,062,200	27,843,485	13,102,287	32,205,050	7,472,121	Barclays Bk (Dom. Col. & Overseas)
169,603	797,893	2,769,291	4,716,745	1,309,366	...	310,292	864,170	1,270,489	962,428	Netherlands Bk. of S. Africa.
11570810	...	65,971,568	84,277,804	13,891,764	1,812,341	14,892,173	5,834,782	36,414,967	11,431,777	Standard Bank of S.A., Ltd.
17397011	1,084,404	174,428,659	210,147,956	44,611,458	3,874,541	46,169,230	20,413,775	74,238,618	20,840,334	Total

AUSTRALASIAN BANKS

AUSTRALASIAN BANK										Money at Call and Remittances in Transit							
				Cash & Notes in Hand and at Bankers	Money at Call and Remittances in Transit												
681,143	8,030,141	88,520,117	103,649,938	5,510,151	44,926,757	36,379,461	...	15,163,778	1,669,791	Comm. Bank of Australia.							
...	307,992	7,066,114	9,703,987	732,555	2,286,256	701,784	...	5,631,010	352,382	Bank of Adelaide							
4,619,908	...	37,165,581	51,126,418	4,899,823	...	9,478,927	...	35,899,409	848,259	Bk. of Australasia							
7,139,652	a3,592,971	89,145,169	115,150,441	12,003,737	1,470,000	11,187,607	...	83,954,143	6,534,954	Bk. of N.S. Wales.							
62,441	4,975,122	35,636,112	51,830,227	8,105,658	1,584,679	*15,079,440	801,729	24,201,144	2,057,577	Bk. of N. Zealand							
1,354,453	a1,011,899	29,293,777	38,246,025	5,499,537	...	6,266,403	...	24,105,422	2,374,663	Commercial Bank of Australia.							
1,198,743	...	53,854,165	64,390,675	10,208,338	4,370,444	10,858,026	...	37,744,226	1,209,641	Comm. Bkg. Co. of Sydney, Ltd.							
...	2,036,948	32,893,250	43,535,963	8,412,215	...	2,146,493	...	32,239,870	737,385	English, Scottish & Australian Bk.							
...	623,881	42,220,269	51,499,254	5,961,565	...	6,387,774	...	37,567,597	1,582,318	National Bank of Australasia.							
...	1,488,645	13,751,541	18,892,983	2,365,944	449,228	3,336,851	454,483	11,664,970	621,507	National Bk. of New Zealand.							
...	356,844	9,110,747	14,888,189	1,665,177	15,000	2,206,614	...	10,444,627	556,771	Queensland Nat. Bank.							
...	1,197,913	34,410,690	44,733,034	4,936,576	340,000	4,626,586	...	34,463,294	366,578	Union Bank of Australia.							
14375197	15,592,215	384,547,415	503,997,196	64,791,125	10,515,607	72,276,505	1,256,212	337,915,712	17,242,035	Total (excluding Commonwealth Bk. of Australia).							

* Includes money at call.

CANADIAN BANKS

CANADIAN BANKS										
3,143,142 2,312,638	389,401 60,654	136,580,633 47,702,312	161,016,400 59,391,853	25,818,208 9,982,015	6,714,031 3,369,902	88,762,279 23,564,218	...	34,828,202 19,132,290	4,893,680 3,343,428	Bank of Montreal Bk. of Nova Scotia Canadian Bank of Commerce, Dominion Bank
3,809,973 588,419	...	108,561,654 23,051,746	127,547,580 27,791,277	23,805,970 5,257,907	10,428,277 3,038,058	44,459,026 10,307,780	...	40,167,974 7,314,673	8,686,333 1,872,859	Royal Bk. Canada
53,297	7,400,191	151,538,428	176,407,863	30,666,323	8,852,226	65,494,533	...	62,603,637	8,791,144	Total
9,907,469	7,918,261	467,434,773	552,154,973	95,530,423	32,402,494	232,587,836	...	164,046,776	27,587,444	

(Converted at rate of \$5 to £1.)

INDIAN BANKS

INDIAN BANKS										Chartered Bk. of India, Australia and China.
				Cash in Hand, with Bankers, and in Transit						
3,650,575	4,596,500	48,184,255	64,508,274	6,602,898	...	25,456,080	8,239,390	20,599,361	3,610,545	Eastern Bk., Ltd. Mercentile Bk. of India, Ltd. Do. "B" Shares Do. "C" Shares Nat. Bk. of India
949,834	1,519,332	7,771,800	11,904,984	1,123,248	...	6,122,064	949,896	2,756,907	952,869	
1,140,363	37,638	14,675,061	18,468,464	1,847,224	...	7,026,236	2,774,621	5,866,405	953,978	
976,674	...	30,027,681	35,728,310	5,411,234	...	14,523,983	4,809,434	10,004,846	978,813	
6,717,446	6,153,470	100,658,797	130,610,032	14,984,604	...	53,128,363	16,773,341	39,227,519	6,496,205	Total

DOMINION BANKS WITH OFFICES IN LONDON

(1) IRISH FREE STATE BANKS

JOINT-STOCK BANKS OF IRELAND

Year	Banks	No. of Branches	Capital and Reserves	% of Liabilities	Deposits	% of Liabilities	Notes	% of Liabilities	Total Liabilities	Cash in Hand, Money at Call and Short Notice	% of Liabilities	Investments	% of Liabilities	Discounts and Advances	% of Liabilities
1895	9	496	£10,200,000	16.5	£44,390,000	72.0	£6,143,000	9.9	£61,663,000	£11,253,000	18.3	£17,934,000	29.1	£31,182,000	50.5
1900	9	543	£10,894,000	16.0	£49,449,000	72.8	£6,708,000	9.9	£67,988,000	£11,697,000	17.2	£17,719,000	26.1	£37,464,000	55.0
1910	9	663	£11,475,000	13.9	£62,503,000	76.0	£7,211,000	8.8	£82,150,000	£13,762,000	16.7	£23,215,000	28.2	£44,127,000	53.7
1920	9	912	£12,899,000	5.4	£200,441,000	83.2	£24,717,000	10.3	£240,391,000	£46,698,000	19.4	£80,959,000	33.5	£109,623,000	45.5
1922	9	986	£13,779,000	5.7	£209,777,000	86.0	£17,321,000	7.1	£242,199,000	£31,834,000	13.1	£103,019,000	42.5	£104,554,000	43.1
1927	6*	786	£13,053,000	8.6	£127,593,000	84.0	£10,579,000	7.0	£151,997,000	£18,540,000	12.2	£63,914,000	42.0	£67,144,000	44.2
1928	6*	784	£13,319,231	8.7	£128,280,338	83.9	£10,467,485	6.8	£153,020,542	£20,603,358	13.6	£62,921,757	41.5	£66,980,637	43.7
1929	6*	798	£13,549,231	9.0	£128,212,719	85.0	£8,384,891	5.5	£151,006,928	£19,097,681	12.6	£63,327,301	41.9	£66,109,058	43.7
1930	6*	808	£13,744,231	9.3	£126,913,785	85.8	£6,513,849	4.4	£148,029,152	£16,100,407	10.9	£65,094,325	44.0	£64,377,598	43.5
1931	6*	807	£13,934,231	9.4	£127,984,313	86.1	£5,850,791	3.9	£148,613,574	£14,921,624	10.0	£67,622,666	45.6	£63,560,931	42.8
1932	6*	813	£12,984,231	8.8	£128,933,593	86.8	£5,519,572	3.7	£148,258,478	£17,581,926	11.9	£64,057,942	43.1	£64,097,121	43.2
1933	6*	815	£12,959,231	8.0	£142,409,702	88.1	£5,628,327	3.5	£161,825,966	£21,525,641	13.3	£76,802,234	47.5	£60,941,640	37.7
1934	6*	817	£13,024,231	8.6	£131,897,421	87.0	£5,653,210	3.7	£151,518,670	£18,621,526	12.3	£69,142,874	45.6	£61,119,164	40.4
1935	6*	814	£13,084,231	8.6	£130,355,911	86.2	£5,691,191	3.8	£151,091,322	£19,785,775	13.1	£68,007,196	45.1	£59,755,743	39.6
1936	6*	814	£13,144,231	8.7	£130,313,900	86.7	£5,820,339	3.9	£150,159,441	£20,516,702	13.6	£68,603,747	45.7	£58,405,645	38.9
1937	6*	824	£13,189,231	8.7	£131,781,726	86.7	£5,912,025	3.9	£151,905,409	£19,247,815	12.7	£69,483,290	45.7	£60,519,989	39.9

* Irish Free State.

BANK OF IRELAND

ESTABLISHED 1783

CAPITAL					Market Value	Year Ended Dec. 31	Net Profits	PROFITS AND DIVIDENDS			Reserves, Etc.	Carried Forward
Subscribed	Paid-up	Callable	Reserved	Per Cent. of Resources				Amount	Rate			
£	£	£	£	£	£	£	£	%	%	£	£	
2,769,231	2,769,231	...	...	8,806,149	1926	542,289	1.22	394,846	17 1/2	150,000	68,100	
					1927	571,884	1.24	405,865	17 1/2	150,769	83,349	
					1928	564,667	1.31	411,923	17 1/2	150,000	86,094	
					1929	542,088	1.28	411,923	17 1/2	130,000	86,259	
					1930	537,145	1.28	411,923	17 1/2	130,000	81,481	
					1931	512,172	1.28	402,837	17 1/2	100,000	90,816	
					1932	438,762	0.85	308,683	14 1/2	100,000	88,896	
					1933	404,254	0.90	301,154	14 1/2	100,000	91,996	
					1934	406,598	0.92	308,683	14 1/2	100,000	89,911	
					1935	386,594	0.87	289,731	13 1/2	100,000	86,775	
					1936	378,927	0.84	289,731	13 1/2	75,000	100,971	

Stock is fully paid. By Bank of Ireland Act, 1935, the liability of the Stock Holders is declared to be limited except as regards Note Issues.

Price September 30, 1937, £318.

Authorised Note issue:

Irish Free State, £1,760,000

Northern Ireland, £410,000

Year ended Dec. 31	Number of Branches	LIABILITIES						Total Liabilities or Assets	ASSETS											
		Capital and Reserves	Per Cent.	Balance of Profit and Loss	Per Cent.	Notes	Per Cent.		Deposit and Current Accounts	Per Cent.	Cash in Hand and at Bank	Per Cent.	Cash at Call and Short Notice	Per Cent.	Investments	Per Cent.	Discounts and Advances	Per Cent.	Pre- mises	Per Cent.
1926.....	88	£5,888,462	12.8	£271,166	0.6	£5,850,634	13.1	£32,628,222	73.5	£44,458,484	3,116,293	7.0	£1,396,607	3.1	£24,548,131	55.2	£14,744,108	33.3	£835,347	1.9
1927.....	91	£5,839,231	12.7	£292,080	0.6	£5,973,013	13.0	£33,979,103	73.7	£46,083,427	3,554,298	7.7	£2,658,236	5.8	£24,038,615	52.2	£17,185,295	32.9	£946,983	2.0
1928.....	94	£5,989,231	13.8	£298,105	0.7	£6,284,358	9.9	£33,124,690	78.2	£43,221,954	2,037,952	4.8	£1,836,924	4.3	£22,390,469	52.9	£14,829,602	34.3	£924,602	2.1
1929.....	100	£6,119,231	14.5	£298,105	0.7	£6,512,336	6.6	£33,124,690	78.2	£42,341,424	2,037,952	4.8	£1,836,924	4.3	£22,390,469	52.9	£14,829,602	34.3	£924,602	2.1
1930.....	100	£6,249,231	14.8	£293,327	0.7	£6,542,558	5.5	£33,235,089	79.0	£42,189,449	1,967,920	4.7	£1,663,967	3.9	£22,433,176	53.2	£15,486,048	36.6	£956,338	2.2
1931.....	100	£5,949,231	14.9	£293,576	0.7	£6,242,807	4.8	£31,701,218	79.9	£39,846,422	1,939,172	4.9	£1,120,020	2.8	£22,433,176	53.2	£15,486,048	36.6	£956,338	2.2
1932.....	100	£5,949,231	11.6	£259,203	0.5	£6,208,433	3.7	£43,368,001	84.3	£51,444,848	2,039,561	4.0	£4,773,638	8.7	£28,090,968	56.0	£14,991,190	31.7	£669,464	1.4
1933.....	104	£5,949,231	13.2	£258,150	0.6	£6,207,381	4.1	£37,041,955	82.1	£45,106,765	2,064,495	4.6	£3,114,287	6.9	£25,052,736	55.5	£15,157,965	29.4	£892,718	2.0
1934.....	104	£5,949,231	13.4	£260,219	0.6	£6,209,449	4.2	£37,396,126	82.5	£45,779,009	2,118,994	4.7	£3,136,027	7.2	£24,158,445	54.4	£14,770,730	31.4	£898,707	2.0
1935.....	104	£5,949,231	13.5	£261,932	0.6	£6,211,163	4.3	£36,983,843	81.9	£45,160,788	2,531,949	5.6	£2,877,133	6.4	£24,333,091	54.5	£14,206,452	29.2	£870,082	1.9
1936.....	104	£5,949,231	13.2	£261,932	0.6	£6,211,163	4.3	£36,983,843	81.9	£45,160,788	2,531,949	5.6	£2,877,133	6.4	£24,333,091	54.5	£14,206,452	29.2	£870,082	1.9

* Includes acceptances.

THE HIBERNIAN BANK, LIMITED

ESTABLISHED 1825

CAPITAL				Year Ended June 30	Net Profits	PROFITS AND DIVIDENDS			Reserves, Etc.	Carried Forward
Subscribed	Paid-up	Callable	Reserved			Per Cent. of Resources	Dividends Amount	Rate		
£	£	£	£	1927	103,865	0.78	£	%	£	£
				1928	104,546	0.81	62,500	12.1	35,000	27,533
				1929	97,944	0.73	62,500	12.1	35,000	34,579
2,000,000	500,000	500,000	1,000,000	1930	99,609	0.74	67,500	13.1	35,000	30,023
				1931	109,114	0.82	67,500	13.1	34,000	32,132
				1932	82,977	0.62	67,500	13.1	32,500	41,246
				1933	85,187	0.66	83,750	11.1	30,000	30,473
				1934	86,650	0.68	57,500	11.1	30,000	31,160
				1935	82,878	0.66	57,500	11.1	30,000	30,310
				1936	82,728	0.66	57,500	11.1	30,000	25,689
				1937	81,465	0.65	57,500	11.1	25,000	25,917
							60,000	12.1	17,500	29,882

* Free of income tax.

Continued on page 21

THE HIBERNIAN BANK, LIMITED—Continued from page 20

Year ended June 30	Number of Branches	LIABILITIES										Total Liabilities or Assets	ASSETS								
		Capital and Reserves	Per Cent.	Un- divided Profits	Per Cent.	Notes in Circulation	Per Cent.	Rebate	Per Cent.	Deposit and Current Accounts, etc.	Per Cent.		Cash in Hand and at Bankers	Per Cent.	Invest- ments	Per Cent.	Dis- counts, Loans and Advances	Per Cent.	Build- ings and Sun- dries	Per Cent.	
		£		£		£		£		£		£		£		£		£			
1927	58	1,120,000	8.4	66,283	0.5	...	...	11,456	0.1	12,162,014	91.0	13,359,753		383,961	2.9	5,201,729	38.9	7,568,822	56.7	205,241	1.5
1928	61	1,140,000	8.7	73,329	0.6	...	...	10,027	0.1	11,754,098	90.6	12,977,454		398,803	3.3	5,244,703	40.3	7,703,032	56.6	230,932	1.8
1929	62	1,160,000	8.7	68,773	0.5	324,617	2.4	8,713	...	11,767,056	89.4	13,329,159		642,509	4.8	5,504,805	41.3	6,944,542	52.1	237,303	1.8
1930	62	1,180,000	8.9	68,382	0.5	388,527	2.9	8,423	...	11,669,407	87.7	13,314,739		525,192	4.0	5,980,581	44.9	6,588,829	49.4	220,137	1.7
1931	62	1,200,000	9.0	79,997	0.6	391,057	2.9	8,188	...	11,672,040	87.5	13,351,282		467,682	3.5	6,231,332	46.6	6,431,923	48.2	220,345	1.7
1932	62	1,220,000	9.1	62,973	0.5	480,880	3.6	7,473	...	11,550,057	86.8	13,321,393		366,239	2.7	6,514,176	49.0	6,226,738	46.7	214,230	1.6
1933	62	1,200,000	8.5	63,660	0.5	506,471	4.0	5,858	...	11,829,564	87.2	13,546,315		1,197,157	9.0	6,233,283	45.9	5,910,672	43.6	205,203	1.6
1934	62	1,140,000	8.5	63,660	0.5	507,469	4.0	5,858	...	11,073,651	86.4	12,809,789		987,177	7.6	5,535,868	43.3	6,087,708	47.5	199,036	1.6
1935	62	1,160,000	9.1	62,811	0.5	509,412	4.0	5,212	...	10,873,322	86.1	12,626,135		1,219,456	9.6	5,207,889	41.7	5,942,207	47.2	193,583	1.6
1936	62	1,180,000	9.4	58,189	0.5	509,412	4.0	5,119	...	10,747,835	86.0	12,512,973		989,284	7.9	5,302,136	42.4	6,038,715	48.3	182,778	1.4
1937	62	1,210,000	9.6	59,882	0.5	498,925	4.0	5,101	...	10,800,344	85.9	12,574,252		851,914	7.0	5,309,484	42.2	6,206,484	49.4	176,370	1.4

MUNSTER AND LEINSTER BANK, LIMITED

1885—Assets of Munster Bank, Limited, acquired

CAPITAL					Market Value	Year Ended June 30	Net Profits	PROFITS AND DIVIDENDS			Reserves, Etc.
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THE NATIONAL BANK LIMITED
ESTABLISHED 1835

Year ended June 30	CAPITAL				Market Value	Year ended June 30	Net Profits	PROFITS AND DIVIDENDS		Added to Reserves, Etc.	Carried Forward
	Subscribed	Paid-up	Callable	Reserved				Per Cent. of Resources	Amount		
1927	7,500,000	1,500,000	1,000,000	5,000,000	4,031,250	1927	323,998	0.75	170,853	155,000	27,884
1928						1928	311,161	0.72	168,000	145,000	25,825
1929						1929	312,485	0.73	210,000	120,000	29,290
1930						1930	261,803	0.64	210,000	50,000	31,082
1931						1931	270,034	0.65	210,000	60,000	31,126
1932						1932	235,018	0.58	195,000	40,000	31,144
1933						1933	220,194	0.51	180,000	40,000	31,338
1934						1934	224,016	0.53	180,000	40,000	35,355
1935						1935	220,402	0.53	180,000	40,000	35,757
1936						1936	221,327	0.52	180,000	40,000	37,084
1937						1937	222,044	0.52	180,000	40,000	37,127

Authorised note issue:
Irish Free State, £1,318,000
Northern Ireland, £120,000

Year ended June 30	LIABILITIES						Total Liabilities or Assets	ASSETS					
	Capital and Reserves	Per Cent.	Notes	Per Cent.	Acceptances	Per Cent.		Cash in Hand and at Bank	Per Cent.	Cash at Call and Short Notice	Per Cent.	Investments	Per Cent.
1927	262,286,500	6.6	2,989,425	6.9	2,179	0.1	43,195,574	3,924,392	9.1	14,972,380	11.5	15,703,987	38.4
1928	258,210,000	6.8	2,979,777	6.9	66,298	0.2	43,030,444	3,749,829	8.7	15,198,335	12.1	15,348,788	38.7
1929	266,294,000	6.9	3,170,386	7.0	49,437	0.1	42,617,649	3,787,043	8.9	14,447,585	10.4	15,130,782	38.6
1930	268,295,000	7.2	3,338,247	7.2	30,627	0.1	41,092,053	3,338,375	8.1	13,463,753	8.5	15,261,517	37.1
1931	269,297,000	7.2	3,285,363	7.1	31,343	0.1	41,805,400	3,047,440	7.3	13,336,731	8.0	16,109,368	39.9
1932	275,251,000	5.9	3,250,979	3.0	39,950	0.1	42,274,867	3,296,493	7.8	14,751,728	11.3	15,777,127	37.4
1933	275,250,000	5.9	3,280,151	3.0	52,819	0.1	43,052,384	4,194,282	9.7	14,751,728	11.3	15,777,127	37.4
1934	273,250,000	6.0	3,297,922	3.1	126,562	0.3	42,481,751	4,139,977	9.7	13,275,707	7.3	16,439,543	42.9
1935	272,250,000	6.2	3,314,030	3.1	72,308	0.2	41,932,851	4,658,014	11.1	13,444,381	8.2	16,918,790	39.9
1936	272,250,000	6.2	3,318,533	3.1	84,745	0.2	41,868,421	4,462,824	10.7	14,411,188	10.5	15,287,322	38.5
1937	274,250,000	6.2	3,342,039	3.2	323,844	0.8	42,489,025	4,218,080	9.9	14,082,314	9.6	15,565,004	36.7

† Includes Treasury Bills.

PROVINCIAL BANK OF IRELAND, LIMITED
ESTABLISHED 1st August, 1825. Registered under Limited Liability Acts, 10th July, 1882

Year ended June 30	CAPITAL				Year ended June 30	Net Profits	PROFITS AND DIVIDENDS		Reserves, Etc.	Carried Forward
	Subscribed	Paid-up	Callable	Reserved			Per Cent. of Resources	Amount		
Old	4,000,000	500,000	1,500,000	2,000,000	1927	124,985	0.72	62,640	60,000	35,813
New	80,000	40,000	Nil	40,000	1928	125,258	0.73	62,640	60,000	36,431
					1929	112,989	0.74	62,640	60,000	36,780
					1930	103,758	0.62	61,661	60,000	38,877
					1931	110,513	0.62	60,682	60,000	38,706
					1932	78,421	0.52	54,678	60,000	36,432
					1933	73,732	0.42	50,625	60,000	33,559
					1934	69,457	0.42	52,312	60,000	33,547
					1935	68,807	0.40	51,890	60,000	33,542
					1936	71,595	0.42	51,047	60,000	33,472
					1937	74,272	0.43	51,047	60,000	33,472

Year ended June 30	LIABILITIES						Total Liabilities or Assets	ASSETS					
	Capital and Reserves	Per Cent.	Un-divided Profits	Per Cent.	Notes	Per Cent.		Cash in Hand and at Bank	Per Cent.	Cash at Call and Short Notice	Per Cent.	Investments	Per Cent.
1927	1,130,000	6.5	67,133	0.4	1,738,760	10.1	17,283,731	1,226,401	7.1	265,000	2.0	7,074,084	40.9
1928	1,150,000	6.6	67,751	0.4	1,514,955	8.7	17,424,954	1,159,249	6.6	310,000	1.5	6,839,879	39.2
1929	1,170,000	6.9	68,101	0.4	970,590	5.7	16,947,861	812,152	4.8	805,000	1.8	7,082,220	41.7
1930	1,190,000	7.1	69,219	0.4	889,523	5.3	16,726,543	717,222	5.5	680,000	3.6	7,789,890	46.5
1931	1,210,000	7.2	69,048	0.4	871,980	5.2	16,831,141	566,104	4.7	700,000	4.1	8,380,431	49.7
1932	1,230,000	5.8	61,765	0.4	873,572	5.1	15,103,126	782,197	4.5	415,000	4.2	8,168,524	48.0
1933	1,250,000	5.7	58,872	0.3	913,885	5.2	15,631,156	782,197	4.5	1,140,000	6.5	8,279,275	47.0
1934	1,270,000	6.2	59,704	0.4	934,974	5.6	14,603,556	532,875	3.2	1,200,000	5.5	8,089,134	48.7
1935	1,290,000	6.0	59,698	0.3	942,410	5.5	15,118,726	522,856	3.0	1,200,000	7.0	8,427,882	49.1
1936	1,310,000	6.1	59,981	0.3	984,431	5.8	15,097,966	604,448	3.5	1,290,000	7.5	8,658,897	50.4
1937	1,330,000	6.0	61,784	0.4	1,037,107	5.9	15,310,324	716,446	4.1	1,050,000	6.0	8,460,644	48.5

ROYAL BANK OF IRELAND LIMITED
ESTABLISHED 1836

Year ended Aug. 31	CAPITAL				Year ended Aug. 31	Net Profits	PROFITS AND DIVIDENDS		Reserves, Etc.	Carried Forward
	Subscribed	Paid-up	Callable	Reserved			Per Cent. of Resources	Amount		
1926	1,500,000	300,000	300,000	900,000	1926	70,531	0.96	24,125	45,000	10,704
1927					1927	67,433	0.94	24,750	43,000	10,387
1928					1928	68,657	0.85	25,500	42,000	11,545
1929					1929	64,672	0.88	25,500	40,000	10,717
1930					1930	65,446	1.08	33,382	40,000	10,663
1931					1931	80,910	0.74	20,700	32,000	11,441
1932					1932	54,758	0.72	20,250	27,000	11,738
1933					1933	52,455	0.68	20,775	25,000	11,398
1934					1934	48,071	0.63	20,925	25,000	11,398
1935					1935	45,583	0.59	20,925	22,000	11,680
1936					1936	43,188				

* 16 months ended December 31. † Year ended December 31.

Year ended August 31	LIABILITIES						Total Liabilities or Assets	ASSETS					
	Capital and Reserves	Per Cent.	Un-divided Profits	Per Cent.	Notes in circulation	Per Cent.		Cash in Hand, at Bank, and at Call	Per Cent.	Investments	Per Cent.	Bills Discounted	Per Cent.
1926	510,000	7.0	25,104	0.3	...	...	7,732,087	497,639	6.8	2,180,480	29.9	181,360	2.5
1927	520,000	7.0	25,538	0.3	...	...	7,444,750	463,142	6.2	2,203,778	29.8	152,406	2.0
1928	540,000	7.2	26,845	0.4	...	...	7,315,424	521,674	7.1	2,221,773	30.4	125,770	1.7
1929	560,000	7.2	26,017	0.3	273,000	3.7	7,485,859	501,527	6.7	2,443,155	32.6	116,576	1.6
1930	550,000	7.4	25,969	0.4	246,154	3.3	7,395,359	524,179	7.1	2,373,217	32.1	116,619	1.6
1931	560,000	7.4	18,072	0.2	230,977	3.1	7,459,153	448,353	6.0	2,330,345	31.2	116,619	1.6
1932	570,000	7.6	22,458	0.3	233,800	3.1	7,488,276	1,424,547	19.0	1,532,123	20.5	1,008,287	13.7
1933	580,000	8.0	22,692	0.3	231,142	3.2	7,382,143	1,155,890	15.9	1,158,523	15.9	1,008,287	13.7
1934	590,000	8.3	23,383	0.3	233,355	3.3	7,061,940	874,593	8.1	2,280,202	31.9	92,280	1.3
1935	600,000	8.3	23,021	0.3	229,623	3.2	7,271,708	871,234	8.2	2,508,612	34.5	89,631	1.2
1936	605,000	8.3	23,285	0.3	238,347	3.3	7,302,323	649,417	8.9	2,597,780	32.9	88,359	1.2

† December 31.

The BRITISH OVERSEAS BANK
LIMITED

Incorporating FREDK. HUTH & Co.

THROUGH its world-wide connections and agencies the Bank is able to offer to its clients at home and abroad exceptional facilities in foreign exchange and in the financing of foreign trade, and also to provide up-to-date credit reports and information as to international business conditions. Correspondence invited.

33 GRACECHURCH STREET, Lombard Court, LONDON, E.C.3

TELEGRAPHIC ADDRESS

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TELEPHONE NO. MANSION HOUSE 7842

OTTOMAN BANK

(INCORPORATED IN TURKEY WITH LIMITED LIABILITY)
Founded 1863

Capital: £10,000,000

Paid-up: £5,000,000

Reserve: £1,250,000

General Committee

PARIS

LONDON
General (the Hon. SIR HERBERT A. LAWRENCE, G.C.B.
E. W. H. BARRY
ALBERT C. GLADSTONE
VISCOUNT GOSCHEN, G.C.S.I., G.C.I.E., G.B.E., V.D.
SIR W. GUY GRANET, G.B.E.

CHARLES RIST

RENÉ BECHMANN

JEAN BOISSONNAS

CHARLES DE GERJAT

LE BARON HENRI HOTTINGUER

PHILIPPE MALLET

JACQUES DE NEUFILIZE

LE COMTE FRÉDÉRIC PILLET-WILL

ANATHASE ROUDY

EDOUARD VERNES

LONDON: 26 THROGMORTON STREET, E.C.2

Manager: E. W. H. Barry

Assistant Manager: F. Fisher

Secretary to the Committee: W. Stewart McKim

Deputy Manager: R. S. C. Pearce

Sub-Managers: A. Sampson, A. Brown

PARIS: 7 RUE MEYERBEER

MANCHESTER
56-60 Cross Street

MARSEILLES:

38 rue St. Ferréol

NICE:

13 Place Masséna

(2) AFRICAN BANKS

BANK OF BRITISH WEST AFRICA LIMITED

REGISTERED 1894

CAPITAL				Market Value	Year Ended	Net Profit	Dividend	To Reserves, etc.	Carried Forward
Subscribed	Paid-up	Callable	Reserved	Sept. 30, 1937	March 31				
£	£	£	£	£	1927	116,930	5	50,000	49,330
3,000,000	1,200,000	300,000	1,500,000	1,875,000	1928	124,950	6	50,000	52,280
Per Share	Per Share	Per Share	Per Share	Per Share	1929	128,331	6	55,000	53,611
£10	£4	£1	£5	£4½	1930	121,822	6	50,000	53,433
In August, 1920, 200,000 new shares of £10 each were created, of which 100,000 (£4 paid) were allotted in equal proportions to the Westminster Bank Limited, the National Provincial Bank Limited, and the Standard Bank of South Africa, Limited.					1931	24,568	4	...	30,001
					1932	59,625	4	...	41,626
					1933	58,611	4	...	52,237
					1934	58,766	4	10,000	53,003
					1935	64,671	4	15,000	54,674
					1936	85,298	5	25,000	54,973
					1937	90,636	5	30,000	55,608

Year ended Mar. 31	Number of Branches	LIABILITIES										Total Liabilities or Assets	ASSETS									
		Capital and Reserves	Per Cent.	Un- divided Profits	Per Cent.	Bills for Collection and Liability on Acceptances	Per Cent.	Drafts Issued and Rebate	Per Cent.	Deposit and Current Accounts	Per Cent.		Cash in Hand, at Bankers, and in Transit	Per Cent.	Investments	Per Cent.	Bills of Ex- change	Per Cent.	Loans, Ad- vances, and other Ac- counts	Per Cent.	Premises and Cover for Ac- ceptances and Bills	Per Cent.
1927	53	£1,600,000	15.6	85,330	0.8	1,308,757	12.7	313,147	3.0	6,975,748	67.9	10,282,982	2,108,551	20.5	1,570,034	15.3	1,995,733	19.4	2,938,842	28.6	1,669,822	16.2
1928	54	1,600,000	16.0	100,280	1.1	1,271,613	12.7	299,110	3.0	6,717,224	66.2	9,988,227	1,891,285	19.0	1,589,432	15.9	1,946,102	19.5	2,929,833	29.3	1,631,555	16.1
1929	54	1,600,000	15.4	95,611	0.9	1,439,133	13.8	370,024	3.6	6,873,385	66.2	10,378,153	1,558,182	15.0	1,654,579	15.9	2,086,807	20.1	3,294,923	31.8	1,784,182	17.7
1930	57	1,600,000	16.7	95,433	1.0	1,089,494	11.3	273,276	2.8	6,549,175	68.2	9,607,378	1,579,349	16.4	1,601,435	16.7	1,216,398	12.7	3,783,694	39.4	1,426,502	14.8
1931	56	1,600,000	18.0	48,001	0.5	1,131,347	12.7	196,630	2.2	5,909,445	68.6	8,885,423	1,524,399	17.2	1,948,285	21.9	1,326,922	14.9	2,615,816	29.5	1,470,001	16.5
1932	47	1,600,000	19.7	71,626	0.9	711,908	8.8	190,594	2.3	5,549,759	68.3	8,123,887	1,008,959	12.4	2,540,831	31.3	1,130,382	13.9	2,390,317	29.4	1,053,384	13.3
1933	47	1,600,000	18.2	82,237	0.9	616,485	9.9	167,664	1.9	6,107,184	69.7	8,773,570	1,049,741	12.0	3,721,451	42.4	1,022,155	11.6	1,821,620	20.3	1,158,603	13.2
1934	44	1,600,000	18.5	83,003	1.0	685,072	7.9	143,385	1.7	6,134,040	70.9	9,297,919	769,313	8.3	6,369,997	105.43						
1935	44	1,600,000	17.2	84,674	0.9	781,410	8.6	159,187	1.7	6,672,688	71.8	10,031,422	770,688	8.3	4,428,187	47.6	670,596	7.2	2,327,549	25.1	1,100,899	11.8
1936	44	1,600,000	15.9	96,973	1.0	830,826	8.3	130,694	1.3	7,372,929	73.5	11,383,165	1,738,854	17.3	3,894,330	38.9	714,194	7.1	2,558,839	25.5	1,225,205	11.1
1937	41	1,600,000	14.1	91,609	0.8	709,749	6.2	286,512	2.5	8,695,295	76.4		2,325,229	20.5	3,123,280	27.4	612,536	5.4	4,348,112	38.2	974,008	8.5

BARCLAYS BANK (DOMINION, COLONIAL AND OVERSEAS)

1836.—Established by Royal Charter as the Colonial Bank

1925.—Reincorporated by Act of Parliament and acquired the National Bank of South Africa, Limited, and the Anglo-Egyptian Bank, Limited

CAPITAL				Price	Year ended	Net Profit	Dividend	To Reserve, etc.	Carried Forward
Subscribed	Paid up	Callable	Reserved	September 30, 1937	September 30				
£	£	£	£	£	1928	494,823	4	270,000	130,710
6,975,500	4,975,500	2,000,000	3,024,500	8% Cum. Pref. 39/8	1929	516,594	4	290,000	137,981
Per share	Per share	Per share	Per share		1930	465,071	4	210,000	184,790
"A" shares £1	£1	Nil	Nil	Market Value £5,901,500	1931	402,754	4	100,000	244,738
"B" shares £5	£1	Nil	Nil	8% Cum. Pref. £3,541,175	1932	372,103	4	180,000	215,885
					1933	371,548	4	150,000	216,476
					1934	409,827	5	175,000	216,816
					1935	473,401	5	220,000	223,397
					1936	401,162	5	252,846	128,908

Year ended Sept. 30	Number of Branches	LIABILITIES								Total Liabilities or Assets	ASSETS							
		Capital and Reserves	Per Cent.	Notes	Per Cent.	Acceptances	Per Cent.	Deposits	Per Cent.		Cash in hand, at Bankers, &c., and Money at Call	Per Cent.	Investments	Per Cent.	Discounts and Advances	Per Cent.	Premises and Sundries	Per Cent.
1928	440	6,375,500	8.9	942,549	1.3	4,687,223	6.5	59,675,657	83.3	71,680,929	15,067,156	21.0	9,249,847	12.9	40,720,657	58.8	6,843,469	9.3
1929	462	6,525,500	8.9	968,017	1.3	4,561,854	6.2	61,043,283	83.6	73,098,634	15,967,546	21.8	9,200,777	12.6	41,255,019	58.5	6,675,292	9.1
1930	486	6,825,500	8.9	918,520	1.2	3,974,820	5.4	62,890,285	84.5	74,208,905	16,005,466	21.6	12,970,040	17.5	39,171,970	52.7	6,061,429	8.2
1931	493	6,825,500	8.3	781,343	1.0	3,558,843	4.5	68,462,423	86.2	79,428,109	16,760,317	21.1	14,509,283	18.9	42,364,369	53.3	5,794,180	7.3
1932	477	6,825,500	8.0	744,210	0.9	3,544,206	4.3	71,621,970	86.8	82,535,886	17,683,670	21.4	18,314,991	22.2	40,571,424	49.2	5,965,901	7.2
1933	479	6,825,500	7.7	735,992	0.8	3,342,453	4.2	74,521,924	87.3	85,225,869	19,493,066	22.9	27,170,192	31.8	32,737,951	38.4	5,824,680	6.8
1934	479	6,725,500	7.1	770,978	0.8	4,311,672	4.5	82,885,855	87.6	94,674,005	21,548,461	22.8	25,778,119	27.2	40,504,801	42.8	6,842,624	7.2
1935	488	6,825,500	6.8	850,648	0.8	3,982,657	4.0	87,781,143	88.4	99,439,949	27,807,217	28.0	23,445,438	23.5	41,672,967	42.0	6,514,327	6.5
1936	494	6,900,500	6.3	930,389	0.8	4,946,849	4.5	96,992,504	88.4	109,770,242	29,147,299	26.5	27,843,485	25.4	45,307,337	41.3	7,472,121	6.8

NETHERLANDS BANK OF SOUTH AFRICA

REGISTERED 1888

With which was amalgamated Transvaal Commercial Bank in May, 1925

CAPITAL				Year	Net Profit	Dividend	To Reserve, etc.	Carried Forward
Subscribed	Paid-up	Callable	Reserved					
Fl. 5,622,500	Fl. 5,622,500	Nil	Nil	1926	54,732	6	26,324	925
(S.A. £828,036 17 2)	(S.A. £828,036 17 2)			1927	56,951	6½	26,341	1,080
				1928	60,145	7	27,391	1,036
				1929	60,078	7	28,070	246
				1930	51,517	6	22,515	1,135
				1931	51,468	6	23,805	686
				1932	77,760*	Nil	77,760†	2,342
				1933	67,415	5	34,788	351
				1934	61,311	4	26,641	3,872
				1935	88,887	6	44,094	1,847
				1936	104,191	6	66,178	1,818

* Loss.

† From reserve, etc.

Year ended December 31	Number of Branches	LIABILITIES								Total Liabilities or Assets	ASSETS							
		Capital and Reserves	Per Cent.	Un- divided Profits	Per Cent.	Accept- ances, Bills for Collection, etc.	Per Cent.	Deposit and Current Accounts	Per Cent.		Cash in Hand, with Bankers, and Money at Call	Per Cent.	Invest- ments	Per Cent.	Discounts and Advances	Per Cent.	Buildings and Sundries, including Accept- ances	
1926	19	£ 635,208	22.9	£ 39,210	1.4	£ 400,387	14.4	£ 1,701,687	61.3	2,776,473	342,590	12.3	105,988	3.8	1,838,008	68.3	489,889	17.6
1927	18	635,208	19.8	47,003	1.5	667,658	20.9	1,845,832	57.8	3,195,701	344,998	10.8	99,801	3.1	2,037,540	63.7	713,562	22.4
1928	18	635,209	19.6	50,429	1.5	686,604	21.2	1,876,520	57.7	3,248,762	345,903	12.0	100,388	3.1	2,033,495	62.9	723,907	22.3
1929	18	645,209	20.4	45,472	1.4	710,016	22.5	1,760,806	55.7	3,161,503	345,903	10.9	99,114	3.1	1,995,496	63.2	720,990	22.8
1930	18	645,209	22.3	37,337	1.3	313,374	10.8	1,898,809	65.6	2,894,729	407,402	14.1	224,334	7.8	1,889,540	65.2	373,453	12.9
1931	18	645,209	27.8	37,218	1.6	87,954	3.8	1,547,066	66.8	2,317,447	483,578	20.8	153,699	6.6	1,516,581	65.5	163,609	7.1
1932	18	827,714	29.1	2,342	0.1	272,445	9.6	617,377	61.2	2,839,647	787,375	27.8	271,330	4.8	1,741,999	48.2	641,800	17.8
1933	18	974,823	27.0	38,880	1.1	500,642	13.8	2,099,391	58.1	3,613,836	711,249	19.7	518,788	14.3	1,782,886	50.8	599,521	17.0
1934	18	1,105,756	31.4	37,839	1.1	475,384	13.5	1,895,763	54.0	3,514,742	766,594	21.8	365,741	10.4	2,283,489	64.5	1,308,312	26.0
1935	19	1,120,403	22.3	61,085	1.2	1,180,783	23.5	2,661,747	53.0	5,023,998	1,318,243	26.3	113,954	2.3	2,100,591	44.5	962,428	20.4
1936	20	929,629	19.7	50,329	1.1	967,496	20.5	2,769,291	57.0	4,716,745	1,343,434	28.5	310,292	6.6				

All the above amounts are expressed in South African currency (viz. S.A. £).

a Nine months ended Sept. 30, 1934.

b Year ended Sept. 30.

BARCLAYS BANK

(DOMINION, COLONIAL AND OVERSEAS)

OVER 400 BRANCHES IN

THE UNION OF SOUTH AFRICA

KENYA . TANGANYIKA . UGANDA . NYASALAND

NORTHERN & SOUTHERN RHODESIA . PORTUGUESE EAST AFRICA

SOUTH-WEST AFRICA . BRITISH WEST AFRICA

MALTA . GIBRALTAR . CYPRUS . EGYPT . SUDAN . PALESTINE

MAURITIUS . BRITISH WEST INDIES

STANDARD BANK OF SOUTH AFRICA LIMITED

ESTABLISHED 1862

1920—Absorbed African Banking Corporation

Year ended March 31	CAPITAL				Market Value	Year ended March 31	Net Profit	Dividend	To Reserve, etc.	Carried Forward
	Subscribed	Paid-up	Callable	Reserved	Sept. 30, 1937					
1927	£ 10,000,000	£ 2,500,000	£ 7,500,000	Nil	£ 7,500,000	1927	583,801	10	200,000	128,315
1928						1928	596,596	10	225,000	132,099
1929						1929	621,466	17	225,000	122,524
1930						1930	652,478	17	225,000	125,002
1931						1931	567,620	15	175,000	142,622
1932						1932	457,442	11	175,000	150,064
1933						1933	428,336	10	175,000	154,400
1934						1934	433,179	10	175,000	162,580
1935						1935	502,590	12*	200,000	165,169
1936						1936	477,535	12*	200,000	142,705
1937						1937	556,587	14†	200,000	149,292

Year ended March 31	LIABILITIES						ASSETS					
	Capital and Reserves	Per Cent.	Notes	Per Cent.	Drafts Outstanding and Acceptances	Per Cent.	Cash in Hand, at Bank, and in Transit including Bullion	Per Cent.	Cash and Loans at Short Notice	Per Cent.	Investments	Per Cent.
1927	£ 348,512,500	8.0	£ 504,711.0	0.8	£ 2,265,202.3	3.5	£ 47,629,322.7	74.2	£ 64,265,822	8.0	£ 8,081,290.1	12.6
1928	£ 356,512,500	7.6	£ 605,370.0	0.9	£ 2,235,573.3	3.3	£ 49,795,263.7	73.9	£ 67,356,854	7.6	£ 7,610,784.1	11.3
1929	£ 364,564,170	7.9	£ 603,642.0	0.8	£ 2,885,559.4	4.0	£ 51,830,149.7	72.3	£ 71,760,151	7.9	£ 7,758,278.1	10.8
1930	£ 378,564,170	8.3	£ 584,861.0	0.8	£ 2,027,797.3	3.0	£ 10,108,468.1	14.8	£ 49,565,891	72.4	£ 68,451,189	11.5
1931	£ 384,564,170	8.1	£ 526,568.0	0.7	£ 1,600,440.2	2.3	£ 10,241,212.1	14.6	£ 51,934,081	73.8	£ 70,409,068	10.9
1932	£ 378,564,170	8.2	£ 437,148.0	0.6	£ 990,668.1	1.4	£ 9,512,475.1	13.8	£ 52,151,393	75.4	£ 69,130,818	10.8
1933	£ 378,500,000	7.5	£ 441,879.0	0.7	£ 834,128.1	1.2	£ 7,381,203.1	11.0	£ 52,960,375	75.1	£ 69,906,985	10.8
1934	£ 377,500,000	7.2	£ 473,493.0	0.7	£ 1,092,371.1	1.6	£ 7,282,335.1	10.5	£ 55,162,977	79.3	£ 69,398,755	10.8
1935	£ 375,500,000	7.1	£ 529,086.0	0.7	£ 1,107,550.1	1.6	£ 8,336,089.1	11.7	£ 55,463,478	78.1	£ 70,901,373	10.8
1936	£ 375,500,000	6.8	£ 608,156.0	0.8	£ 1,413,493.1	1.9	£ 8,364,403.1	11.4	£ 57,800,798	78.5	£ 73,709,555	10.8
1937	£ 375,500,000	6.5	£ 736,134.0	0.9	£ 1,908,728.2	2.3	£ 9,662,082.1	11.5	£ 65,971,568	78.2	£ 84,277,804	10.8

* Includes bonus of 2s. per share.

† Includes bonus of 4s. per share.

(3) AUSTRALASIAN BANKS

AUSTRALASIAN BANKS WITH LONDON OFFICES

Year	Banks	No. of Branches	Capital and Reserves	% of Liabilities	Notes	% of Liabilities	Deposits	% of Liabilities	Total Assets or Liabilities	Cash in Hand and Money at Call and Notice	% of Liabilities	Investments	% of Liabilities	Discounts and Advances	% of Liabilities
1890	19	1,538	£ 24,424,100	13.2	£ 4,821,800	2.6	£ 138,065,900	74.7	£ 184,931,200	£ 26,919,000	14.6	£ 6,808,100	3.7	£ 145,535,900	78.0
1900	16	1,338	£ 30,307,100	19.1	£ 4,348,700	2.8	£ 107,408,600	68.4	£ 157,299,500	£ 33,165,500	21.1	£ 12,831,900	8.2	£ 102,820,200	65.7
1910	17	1,965	£ 33,612,300	16.3	£ 5,198,100	2.4	£ 152,885,400	71.9	£ 212,615,200	£ 54,575,000	25.8	£ 17,105,000	8.1	£ 132,956,900	62.3
1920	16	2,393	£ 51,248,171	13.4	£ 8,511,692	2.2	£ 281,477,007	73.4	£ 383,470,259	£ 88,133,890	23.2	£ 68,431,168	17.8	£ 214,736,300	56.0
1927	12	3,141	£ 75,807,689	16.8	£ 6,693,730	1.5	£ 324,226,350	71.8	£ 451,388,933	£ 77,213,749	17.1	£ 44,157,047	9.8	£ 317,923,542	70.4
1928	12	3,199	£ 83,274,577	17.5	£ 6,940,801	1.5	£ 341,310,252	71.8	£ 474,657,248	£ 82,573,158	17.4	£ 55,565,857	11.7	£ 330,126,109	69.6
1929	12	3,292	£ 86,623,990	17.5	£ 7,543,645	1.5	£ 358,172,387	72.5	£ 494,326,268	£ 78,048,713	15.8	£ 63,589,822	12.8	£ 339,648,856	68.7
1930	12	3,372	£ 88,074,940	18.2	£ 6,792,206	1.4	£ 350,095,940	72.2	£ 484,659,471	£ 71,442,573	14.8	£ 44,948,658	9.3	£ 351,619,883	73.0
1931	12	3,358	£ 89,436,041	19.5	£ 6,346,137	1.4	£ 331,378,067	72.1	£ 458,147,765	£ 71,023,589	15.5	£ 45,317,529	9.4	£ 326,111,993	73.2
1932	11	3,226	£ 86,221,161	19.2	£ 6,549,485	1.5	£ 329,815,863	73.4	£ 448,372,051	£ 76,407,310	17.0	£ 46,143,476	10.3	£ 311,114,477	69.3
1933	11	3,218	£ 87,454,588	18.6	£ 7,009,864	1.5	£ 348,646,761	74.0	£ 470,574,941	£ 70,630,369	15.0	£ 50,805,909	12.1	£ 327,461,479	69.5
1934	11	3,161	£ 87,308,970	17.8	£ 7,125,090	1.5	£ 365,005,434	74.6	£ 489,423,221	£ 71,561,185	14.6	£ 66,647,578	13.6	£ 335,111,951	68.6
1935	10	2,741	£ 77,215,480	17.8	£ 1,428,022	0.3	£ 323,414,288	74.8	£ 431,862,822	£ 66,590,043	15.4	£ 62,827,898	14.5	£ 287,738,053	66.5
1936	10	3,378	£ 86,205,345	17.6	£ 727,654	0.1	£ 371,467,131	75.8	£ 490,041,323	£ 64,868,722	13.2	£ 76,661,024	15.6	£ 334,800,739	68.4
1937	10	3,684	£ 86,220,345	17.1	£ 167,442	...	£ 384,547,415	76.5	£ 503,997,196	£ 75,306,732	15.0	£ 72,276,505	14.3	£ 339,171,924	67.4

COMMONWEALTH BANK OF AUSTRALIA

(ESTABLISHED 1912 BY SPECIAL ACT OF THE COMMONWEALTH PARLIAMENT)

Owned and guaranteed by the Government of the Commonwealth, which is responsible for all the Bank's obligations. Authorised capital, £20,000,000. Authorised subscription by Commonwealth Government, £8,000,000. Authorised debenture issue, £10,000,000

Year ended June 30	LIABILITIES						ASSETS					
	Deposits	Per Cent.	Savings Bank Deposits	Per Cent.	Bills payable, Letters of Credit, etc.	Per Cent.	Cash and Common-wealth Notes	Per Cent.	Cash at Short Call in London and Aust.	Per Cent.	Investments	Per Cent.
1927	£ 87,327,338	35.5	£ 46,479,021	51.0	£ 6,448,220	7.1	£ 91,008,426	9.9	£ 4,435,000	4.9	£ 53,732,160	59.0
1928	£ 89,428,062	31.0	£ 4,840,415	8.9	£ 5,292,228	10.1	£ 52,420,705	5.796	£ 881.11	0.9	£ 13,305,329	25.4
1929	£ 89,437,958	29.6	£ 5,452,072	9.9	£ 5,796,749	10.5	£ 55,122,779	6.584	£ 581.11	0.9	£ 13,489,283	24.5
1930	£ 92,813,732	31.8	£ 3,208,555	6.1	£ 6,333,938	12.1	£ 52,354,225	7.548	£ 310.14	0.4	£ 6,995,005	13.4
1931	£ 92,579,063	34.8	£ 3,471,592	5.1	£ 6,890,685	10.1	£ 68,031,360	4.993	£ 480.7	0.3	£ 25,491,489	37.6
1932	£ 93,586,853	34.9	£ 4,193,273	5.6	£ 7,561,630	10.1	£ 75,341,558	7.814	£ 273.10	0.4	£ 23,954,207	31.8
1933	£ 94,319,909	35.9	£ 4,334,741	5.0	£ 7,848,111	9.1	£ 86,496,761	7.299	£ 518.8	0.4	£ 31,355,674	36.2
1934	£ 93,572,633	37.0	£ 4,437,435	4.6	£ 8,090,008	8.4	£ 98,098,694	8.435	£ 990.5	0.5	£ 23,516,046	38.6
1935	£ 94,524,652	34.1	£ 4,385,990	5.5	£ 8,324,462	10.4	£ 80,235,105	6.595	£ 842.8	0.3	£ 23,162,541	28.9
1936	£ 93,879,839	33.9	£ 4,465,218	7.2	£ 8,539,391	9.5	£ 89,875,488	6.598	£ 509.7	0.3	£ 33,434,328	37.8
1937	£ 98,320,117	35.4	£ 4,392,664	6.2	£ 8,737,157	8.4	£ 103,849,938	5.510	£ 151.5	0.3	£ 34,926,757	43.5

† Capital £4,000,000.

‡ Excludes Savings Bank Department, now a separate institution.

BANK OF ADELAIDE
INCORPORATED DECEMBER 5, 1865

Year ended March 31	CAPITAL				Market Value	Year ended March 31	Net Profit	Dividend	To Reserve, etc.	Carried Forward
	Subscribed	Paid-up	Callable	Reserved	£					
1927	£ 1,250,000	£ 1,250,000	Nil	£ 1,250,000	£ 7,875,500	1927	104,645	10	20,000	39,827
1928						1928	128,637	10	20,000	33,464
1929						1929	145,411	10	15,000	38,875
1930						1930	138,107	9	15,000	49,482
1931						1931	91,813	7	...	53,795
1932						1932	66,776	4	30,000	40,571
1933						1933	53,727	4	...	44,298
1934						1934	54,497	4	25,000	48,796
1935						1935	55,201	4	...	28,997
1936						1936	57,973	4	...	36,870
1937						1937	61,337	4†	...	42,057

Year ended Mar. 31	Number of Branches	LIABILITIES								Total Liabilities or Assets	ASSETS												
		Capital and Reserves		Un- divided Profits		Notes	Miscel- laneous Credits, Rebate, etc.	Deposit and Current Ac- counts	Per Cent.		Cash and Notes in Hand and at Bankers	Per Cent.	Money at Short Call and Remit- tances in Transit	Per Cent.	Invest- ments	Per Cent.	Bills Re- ceivable and Advances	Per Cent.	Prem- ises and Furni- ture	Per Cent.			
		Per Cent.	Per Cent.	Per Cent.	Per Cent.																		
		£		£		£		£		£		£		£		£		£					
1927...	116	1,850,000	20.7	85,869	1.0	6,815.0	1	520,194	5.8	6,463,478	72.4	8,926,356	16.7	993,532	11.1	838,388	9.4	5,256,819	59.0	342,992	3.8		
1928...	116	2,000,000	24.1	115,964	1.3	6,755.0	1	727,957	7.9	6,084,129	66.6	9,134,807	16.6	1,016,848	11.6	897,991	9.8	6,375,750	62.0	347,510	3.8		
1929...	126	2,220,000	24.2	116,375	1.3	6,713.0	1	633,075	7.0	6,177,592	67.5	9,153,755	16.6	1,091,384	11.8	948,635	10.4	5,949,107	65.0	347,435	3.8		
1930...	131	2,235,000	24.8	114,482	1.3	6,670.0	1	535,005	6.0	6,015,400	67.8	9,996,597	11.2	1,010,500	11.2	757,081	8.4	6,499,934	72.2	380,987	4.2		
1931...	120	2,250,000	26.6	91,295	1.1	6,661.0	1	343,423	4.1	5,762,326	68.3	8,996,597	15.1	1,277,722	15.1	596,574	7.0	778,521	9.2	5,454,843	64.6	345,067	4.1
1932...	114	2,250,000	25.4	65,571	0.7	6,603.0	1	514,914	4.9	6,031,330	67.3	8,988,418	12.7	1,656,601	18.7	632,968	7.1	5,108,010	57.6	343,117	3.9		
1933...	111	2,250,000	24.0	69,298	0.7	6,599.0	1	392,399	5.2	6,667,038	71.0	8,985,705	12.6	1,679,470	12.6	2,085,936	22.2	659,186	7.0	5,115,381	54.5	345,361	3.7
1934...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4	349,344	3.8
1935...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4	349,344	3.8
1936...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4	349,344	3.8
1937...	111	2,250,000	24.0	69,298	0.7	6,599.0	1	392,399	5.2	6,667,038	71.0	8,985,705	12.6	1,679,470	12.6	2,085,936	22.2	659,186	7.0	5,115,381	54.5	345,361	3.7
1938...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4	349,344	3.8
1939...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4	349,344	3.8
1940...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4	349,344	3.8
1941...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4	349,344	3.8
1942...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4	349,344	3.8
1943...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4	349,344	3.8
1944...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4	349,344	3.8
1945...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4	349,344	3.8
1946...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4	349,344	3.8
1947...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4	349,344	3.8
1948...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4	349,344	3.8
1949...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4	349,344	3.8
1950...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4	349,344	3.8
1951...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4	349,344	3.8
1952...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4	349,344	3.8
1953...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4	349,344	3.8
1954...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4	349,344	3.8
1955...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4	349,344	3.8
1956...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4	349,344	3.8
1957...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4	349,344	3.8
1958...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4	349,344	3.8
1959...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4	349,344	3.8
1960...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4	349,344	3.8
1961...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4	349,344	3.8
1962...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4	349,344	3.8
1963...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4	349,344	3.8
1964...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4	349,344	3.8
1965...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4	349,344	3.8
1966...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4	349,344	3.8
1967...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4	349,344	3.8
1968...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4	349,344	3.8
1969...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4	349,344	3.8
1970...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4	349,344	3.8
1971...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4	349,344	3.8
1972...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4	349,344	3.8
1973...	112	2,250,000	25.4	73,795	0.8	6,597.0	1	338,739	4.8	6,719,488	69.9	9,866,634	12.4	1,027,163	11.5	1,327,795	17.2	709,810	8.0	5,075,518	57.4</		

BANK OF AUSTRALASIA—Continued from page 27

Year ended Oct.	Number of Branches	LIABILITIES										Total Liabilities or Assets	ASSETS										
		Capital and Reserves	Per Cent.	Un-divided Profits	Per Cent.	Notes	Per Cent.	Bills Payable, etc.	Per Cent.	Deposits and Current Accounts	Per Cent.		Cash in Hand and at Bank	Per Cent.	Cash at Call and Short Notice	Per Cent.	Investments	Per Cent.	Discounts and Advances	Per Cent.	Premises and Acceptances	Per Cent.	
1926...	217	7,810,000	18.4	435,508	1.0	438,849	1.0	4,430,226	10.4	29,394,047	69.2	42,508,630	6.5	6,562,348	15.4	165,000	0.4	3,768,578	8.9	31,940,424	75.1	72,280	0.2
1927...	224	7,850,000	17.6	419,568	1.0	427,542	1.0	4,418,994	9.9	31,478,756	70.5	44,594,860	6.6	6,645,234	14.9	110,000	0.2	3,864,449	8.2	34,045,385	76.4	129,792	0.3
1928...	237	8,950,000	18.8	454,760	1.0	428,622	1.0	3,909,217	8.2	33,876,329	71.0	47,618,928	7.3	7,385,811	15.5	120,000	0.3	5,082,083	10.7	34,971,858	73.2	159,176	0.3
1929...	238	8,975,000	18.2	476,943	0.9	434,328	0.9	5,022,528	10.2	34,414,798	69.8	49,323,597	7.1	7,182,967	14.5	50,000	0.1	3,681,894	7.5	38,130,363	77.3	278,373	0.6
1930...	238	8,975,000	18.7	462,027	1.0	401,137	0.8	3,965,638	8.2	34,232,584	71.3	48,036,386	6.1	6,111,127	12.7	495,000	1.0	4,896,383	10.2	35,963,357	74.9	570,519	1.2
1931...	235	8,975,000	17.7	320,188	0.6	333,079	0.7	3,414,078	6.7	37,678,574	74.3	50,720,919	8.1	8,180,221	16.1	50,000	0.1	6,741,594	13.3	35,171,332	69.4	577,772	1.1
1932...	229	8,975,000	17.3	304,793	0.6	334,031	0.7	4,098,119	7.9	38,120,630	73.5	51,832,563	7.9	7,931,815	15.3	60,000	0.1	10,053,510	19.4	33,136,934	63.8	650,304	1.3
1933...	227	8,975,000	17.2	310,166	0.6	353,520	0.7	4,772,167	9.1	37,633,351	72.4	52,244,204	8.1	8,127,891	15.6	50,000	0.1	9,160,558	17.3	34,238,455	65.5	667,300	1.3
1934...	227	8,975,000	16.6	318,190	0.6	119,384	0.2	2,487,941*	9.1	39,601,807	73.5	53,893,799	9.3	9,356,504	17.4	25,000	...	10,306,126	19.1	33,471,976	62.2	734,193	1.3
1935...	235	8,975,000	17.6	330,485	0.6	26,138	...	4,847,643	9.4	37,058,103	72.4	51,237,369	5.0	5,035,420	9.8	...	...	10,566,078	20.6	34,867,758	68.1	768,113	1.6
1936...	236	8,975,000	17.6	363,134	0.7	2,795	...	4,619,908	9.0	37,165,581	72.7	51,126,418	4.8	4,899,823	9.6	...	...	9,478,927	18.6	35,899,409	70.2	848,259	1.6

* Includes centenary bonus 2 per cent. and bonus to staff.

BANK OF NEW SOUTH WALES

ESTABLISHED 1817, AND INCORPORATED IN 1850

1927.—Absorbed Western Australian Bank

1931.—Absorbed the Australian Bank of Commerce, Limited

CAPITAL				Year ended Sept. 30	Net Profit	Dividend	To Reserve, Etc.	Carried Forward
Subscribed	Paid-up	Reserved Liability of Proprietors	Market Value					
8,780,000	8,780,000	8,780,000	11,633,500	1926	1,099,559	12½	350,000	130,315
				1927	1,226,247	12½	340,760	170,816
				1928	1,184,943	12½	250,000	168,854
				1929	994,825	10	250,000	163,479
				1930	724,699	8	...	166,828
				1931	565,235	5½	...	112,963
				1932	482,967	5	...	114,980
				1933	439,817	5	...	116,335
				1934	439,739	5	...	119,996
				1935	442,680	5	...	129,500
				1936	470,454	5½	...	...

Year ended Sept. 30	Number of Branches	LIABILITIES										Total Liabilities or Assets	ASSETS										
		Capital and Reserves	Per Cent.	Un-divided Profits	Per Cent.	Notes	Per Cent.	Out-standing Credits, Bills Payable, etc.	Per Cent.	Deposit and Current Accounts	Per Cent.		Cash in Hand, Notes, etc.	Per Cent.	Money at Short Call and Bills Receivable and Remittances in Transit	Per Cent.	Investments	Per Cent.	Discounts and Advances	Per Cent.	Premises and Sundries, including Cover for Acceptances	Per Cent.	
1926	431	10,400,000	12.6	780,315	0.9	592,036	0.7	11,835,286	14.4	58,587,508	71.4	82,186,145	14.4	10,410,832	17.5	5,566,875	8.8	10,204,235	12.4	48,017,148	58.4	3,996,255	4.8
1927	514	12,732,580	14.5	882,548	1.0	673,455	0.7	11,937,811	13.6	61,554,635	70.2	87,781,129	15.8	15,186,291	17.3	5,635,591	7.8	8,169,798	9.3	53,408,839	60.8	4,180,612	4.9
1928	559	13,150,000	14.8	793,654	0.9	833,262	0.7	9,891,111	11.1	1,84,514,555	72.5	88,982,585	15,943,081	17.9	5,368,302	6.0	12,401,670	13.9	61,353,368	57.8	3,915,984	4.7	
1929	589	13,400,000	14.8	600,978	0.7	584,091	0.6	10,165,176	11.2	2,66,056,052	72.7	90,806,297	11,990,512	13.2	6,759,890	7.4	8,327,204	9.2	59,427,980	65.4	4,330,731	4.9	
1930	594	13,650,000	15.3	335,678	0.4	527,026	0.6	8,477,451	9.5	2,66,238,223	74.2	89,228,378	12,256,787	13.7	5,049,695	5.7	7,509,414	8.4	60,400,511	67.7	4,008,971	4.7	
1931	702	13,650,000	15.2	244,663	0.3	481,455	0.5	6,347,218	7.0	2,66,388,093	77.0	90,111,427	13,220,274	14.7	4,670,223	5.2	13,229,232	14.7	55,109,240	61.7	4,008,971	4.7	
1932	705	14,930,000	13.9	224,730	0.2	564,772	0.5	7,862,018	7.3	2,83,943,585	78.1	107,525,115	12,114,058	11.3	4,144,907	3.8	21,721,485	20.2	64,547,029	60.1	3,882,458	4.6	
1933	718	14,930,000	13.4	225,346	0.2	601,793	0.5	9,437,472	8.5	2,81,691,774	77.4	111,512,302	11,259,966	10.2	7,150,179	6.4	22,451,550	20.6	232,080,58	54.1	1,997,638	2.4	
1934	740	14,930,000	12.7	226,085	0.2	297,491	0.3	9,701,376	8.3	2,81,840,970	78.5	116,995,922	14,824,924	12.7	5,342,486	4.6	23,381,495	20.0	66,932,897	57.3	3,814,119	4.5	
1935	771	14,930,000	12.9	229,746	0.2	140,968	0.1	9,854,815	8.5	2,80,469,981	78.3	115,559,539	10,865,082	9.4	6,408,186	5.5	17,277,085	14.9	75,122,458	65.1	5,886,698	6.9	
1936	777	14,930,000	13.0	261,200	0.2	81,449	0.1	10,732,623	9.3	2,81,145,169	77.1	115,150,441	12,003,737	10.4	8,831,895	7.7	11,187,807	9.7	76,592,248	66.5	5,634,854	6.5	

† Branches and agencies.

BANK OF NEW ZEALAND

INCORPORATED WITH LIMITED LIABILITY IN NEW ZEALAND IN 1861

CAPITAL				Year ended March 31	Net Profit	Dividend	To Reserve, Etc.	Carried Forward
Ordinary Shares	Subscribed	Paid-up	Callible					
Per Share	£3,750,000	£3,750,000	Nil	1927	991,091	13½	200,000	584,856
Preference Shares	£1,875,000	£1,875,000	Nil	1928	915,389	13½	124,175	582,525
Long Term Mortgage Shares	£703,125	£703,125	Nil	1929	1,124,959	13½	275,000	617,591
				1930	948,534	13½	125,000	623,157
				1931	845,814	13½	25,000	626,002
				1932	587,023	14½	Int. Stg. ...	395,056
				1933	594,270	11½	N.Z. ...	344,795
				1934	573,032	10	...	343,609
				1935	578,748	10	...	348,138
				1936	565,181	10	...	339,100
				1937	600,008	10	...	364,890

* Bonus 1 per cent.

Year ended March 31	No. of Branches	LIABILITIES								Total Liabilities or Assets	ASSETS												
		Capital and Reserves	Per Cent.	Un- divided Profits	Per Cent.	Notes	Per Cent.	Bills Payable, etc.	Per Cent.		Deposit and Current Accounts	Per Cent.	Cash in Hand and at Bank	Per Cent.	Bills Receivable and in Transit	Per Cent.	Invest- ments	Per Cent.	Discounts and Advances	Per Cent.	Buildings and Sundries	Per Cent.	
1927	230	9,354,186	19.1	1,214,803	2.5	3,765,593	7.7	4,861,933	9.9	29,664,025	60.8	48,890,540	7.6	6,666,282	15.7	3,664,810	7.5	11,101,409	22.7	25,339,593	52.0	1,038,449	2.1
1928	239	9,797,023	19.6	1,146,162	2.3	3,797,080	7.6	4,797,252	9.6	30,339,033	60.9	49,879,550	7.8	6,850,823	15.7	3,885,327	7.8	13,812,078	27.7	24,092,017	48.3	1,236,307	2.5
1929	240	10,008,114	18.3	1,344,284	2.5	4,280,793	7.9	4,979,067	9.1	33,939,651	62.2	54,561,909	7.4	7,070,082	13.7	3,362,051	6.2	17,893,430	32.7	24,349,263	44.6	1,487,103	3.0
1930	244	10,385,664	19.0	1,199,845	2.2	3,754,948	6.8	5,536,497	10.1	33,897,809	61.9	54,774,567	6.9	7,261,127	12.7	2,827,885	4.6	12,856,472	23.5	30,540,969	55.8	1,871,108	3.8
1931	236	11,015,194	20.8	1,102,694	2.1	3,679,957	6.9	4,836,762	9.1	32,324,585	61.1	52,959,282	7,302,709	13.8	1,749,353	3.3	12,280,336	23.2	29,696,475	56.1	1,930,398	4.0	
1932	234	11,040,164	21.0	845,749	1.6	4,062,763	7.8	4,292,951	8.3	31,585,843	61.0	51,808,469	8,861,140	15.2	1,314,717	2.9	13,327,115	25.5	27,150,099	52.4	1,955,398	4.0	
1933	226	11,040,164	21.0	641,729	1.2	4,338,747	8.2	4,169,475	7.9	32,573,239	61.7	52,762,904	8,508,559	16.1	1,631,598	3.1	14,215,789	27.0	26,436,514	50.0	1,970,464	4.0	
1934	223	11,040,164	20.3	624,468	1.2	4,258,149	7.8	4,105,002	7.5	34,328,004	63.2	54,358,787	7,765,367	14.3	1,475,538	2.8	18,282,737	33.9	23,809,751	43.8	2,014,975	4.0	
1935	223	10,510,175	21.2	628,997	1.3	503,778	1.0	4,598,606	9.3	33,198,614	67.2	49,440,170	7,177,791	14.5	1,475,538	2.8	15,884,825	32.1	22,880,184	46.3	2,042,032	4.0	
1936	226	10,510,175	20.3	619,980	1.2	324,452	0.6	4,616,264	9.3	35,740,430	69.0	51,811,281	7,076,654	13.7	2,274,872	4.4	18,280,047	35.2	22,793,374	42.8	2,042,334	4.0	
1937	226	10,510,175	20.3	645,749	1.2	628	...	5,037,563	9.7	35,636,112	68.8	51,830,227	8,105,657	15.6	1,338,925	2.6	16,864,119	32.1	23,663,948	45.7	2,042,334	4.0	

† Including £102,580 long term mortgage debentures. † Including £807,050 long term mortgage debentures. * Includes money at call, and in 1936 and 1937 remittances in transit between branches, which were in previous years included under Discounts and Advances.

THE TWILIGHT OF AMERICAN CAPITALISM: An Economic Interpretation of the New Deal.

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A critical essay on American attempts under the Roosevelt régime to control and regulate the competitive system in the general interest. The book examines the ways in which the régime has used its vast economic authority in finance, in industry, and in agriculture, and reviews the economic and political problems raised in the process.

THE NEW MONETARY SYSTEM OF CHINA: A Personal Interpretation.

COMMERCIAL BANK OF AUSTRALIA, LIMITED

ESTABLISHED 1856

1918.—National Bank of Tasmania purchased, March 1, 1918

CAPITAL										Year Ended June 30	Net Profit	Ordinary Dividend	To Reserve, etc.	Carried Forward
Ordinary Shares	Subscribed £2,000,000	Paid-up £2,000,000	Callable	Reserved							%	£		
			Nil	Nil							15	91,671	81,760	
			Nil	Nil							15	75,682	90,488	
Per Share	10s.	10s.	Nil	Nil							15	79,798	94,190	
			Nil	Nil							11½	42,851	85,549	
			Nil	Nil							15	33,389	68,396	
Registered Preferred Capital, £3,000,000											5	10,000	70,312	
											5	20,000	79,252	
Preference Shares £2,117,350		£2,117,350	Nil	Nil							5	20,000	83,712	
											5½	20,000	90,810	
Per Share	£10	£10	Nil	Nil							5½	25,000	98,930	
											4½	25,000	103,338	

Year ended June 30	Number of Branches	LIABILITIES								Total Liabilities or Assets	ASSETS											
		Capital and Re- serves	Per Cent.	Un- divi- ded Profits	Per Cent.	Notes	Per Cent.	Contingent Liabilities and Bills in Circulation	Per Cent.		Deposit and Current Ac- counts	Per Cent.	Cash in Hand and at Bankers	Per Cent.	Cash at Call and Short Notice in London	Per Cent.	Invest- ments	Per Cent.	Discounts, Advances, and Bills and Remit- tances in Transit	Per Cent.	Premises and Sundries	Per Cent.
1927...	519	4,569,050	16-1	203,013	0-7	176,124	0-6	2,403,346	8-4	21,102,190	74-2	28,463,723	4,263,100	15-0	710,000	2-5	1,898,200	6-7	20,128,245	70-6	1,484,178	5-2
1928...	551	5,153,388	16-9	230,489	0-8	228,775	0-7	2,530,249	8-3	22,307,885	73-3	30,448,786	3,729,835	12-2	750,000	2-5	1,78,671	13-7	20,211,475	68-4	1,581,005	5-2
1929...	565	5,703,600	17-8	252,949	0-8	244,028	0-7	2,570,432	7-8	24,181,046	73-4	32,982,049	3,746,615	11-4	810,000	1-9	2,576,362	7-8	24,281,450	73-6	1,757,622	5-3
1930...	573	6,200,749	20-0	275,052	0-8	230,138	0-7	2,177,490	7-0	22,165,235	71-4	31,046,684	3,169,731	10-2	1,517,500	4-9	2,062,837	6-6	22,700,074	73-1	1,598,722	5-2
1931...	591	6,367,350	21-7	207,683	0-7	184,082	0-6	1,729,075	5-9	20,853,785	71-1	29,341,975	3,777,263	12-5	125,000	0-4	2,683,825	9-0	20,505,593	70-0	1,875,219	5-7
1932...	535	6,367,350	21-1	212,659	0-7	178,350	0-6	1,675,453	5-6	21,702,170	72-0	30,135,982	3,777,263	12-5	170,000	0-6	4,111,816	13-7	20,337,878	67-4	1,739,025	5-8
1933...	538	6,367,350	20-6	171,599	0-6	188,500	0-6	1,685,124	5-5	22,380,289	72-7	30,792,842	3,401,329	11-1	...	...	3,782,457	12-3	21,787,357	70-7	1,821,699	5-9
1934...	542	6,367,350	19-1	176,059	0-5	178,986	0-5	2,024,807	6-1	24,554,505	73-8	33,301,797	4,004,554	12-0	20,000	...	4,123,265	12-4	23,137,916	69-5	2,015,973	6-1
1935...	530	6,367,350	18-9	199,824	0-6	19,780	...	2,173,679	6-5	24,853,164	74-0	33,613,797	3,592,887	10-7	150,000	0-4	3,82,822	13-0	23,342,409	69-5	2,145,679	6-4
1936...	529	6,367,350	18-4	207,944	0-6	14,980	...	2,204,988	6-3	25,863,896	74-7	34,658,927	3,437,657	9-9	125,000	0-4	5,201,469	15-0	23,861,567	68-3	2,233,194	6-4
1937...	536	6,367,350	16-7	212,351	0-6	6,195	...	2,366,352	6-2	29,293,777	76-5	38,246,025	5,499,537	14-4	...	...	6,266,403	16-4	24,105,422	63-0	2,374,683	6-2

ENGLISH, SCOTTISH, AND AUSTRALIAN BANK, LIMITED

Registered 1893 under English Companies Acts

1920.—Amalgamated with the London Bank of Australia, Limited

1921.—Amalgamated with the Commercial Bank of Tasmania, Limited

1927.—Amalgamated with the Royal Bank of Australia, Limited, and a consequent issue of 125,000 shares

Subscribed	Paid-up	Callable	Reserved	Market Value	Year ended June 30	Net Profit	Dividend	To Reserve, Etc.	Carried Forward
5,000,000	3,000,000	2,000,000	Nil	4,500,000	1926	542,308	12%	213,750	230,722
					1927	550,888	12%	198,438	277,980
					1928	598,769	12%	190,251	311,478
					1929	601,263	12%	190,000	367,741
					1930	542,736	12%	210,000	395,477
					1931	286,657	8%	35,000	295,477
					1932	147,719	5%	20,000	274,854
					1933	219,327	5%	70,000	274,181
					1934	221,566	5%	70,000	275,747
					1935	243,580	5%	70,000	299,327
					1936	257,460	5%	75,000	306,787

* Free of tax.

Year ended June 30	Number of Branches	LIABILITIES					Total Liabilities or Assets	ASSETS									
		Capital and Reserves	Per Cent.	Un-divided Profits	Per Cent.	Notes		Cash in Hand, at Bankers, and at Short Notice	Per Cent.	Investments	Per Cent.	Bills receivable and Remittances in Transit	Per Cent.	Advances, etc.	Per Cent.	Buildings and Sundries, including Security for Note Issue	Per Cent.
1926	401	6,340,966	17-0	598,222	1-6	1,128	...	7,733,419	20-8	1,255,798	3-4	5,954,470	16-0	21,542,690	57-7	766,300	2-1
1927	414	7,120,966	16-1	654,210	1-5	1,118	...	8,616,337	19-5	1,476,819	3-3	5,978,087	12-8	27,507,326	62-5	876,180	1-9
1928	434	7,876,715	17-7	711,730	1-6	1,083	...	9,816,009	22-3	2,364,365	5-4	5,176,839	11-6	28,272,106	59-0	783,429	1-7
1929	457	7,867,966	17-4	747,741	1-7	1,083	...	7,380,671	18-3	1,621,188	3-6	5,911,167	13-1	28,587,339	65-4	762,265	1-6
1930	459	7,967,966	19-5	725,478	1-8	1,062	...	4,833,734	12-7	4,452,621	7-4	5,859,739	16-1	28,587,339	65-4	762,265	1-6
1931	417	8,047,966	20-8	437,135	1-1	1,028	...	4,128,822	10-0	38,578,690	74-0	38,578,690	74-0	28,587,339	65-4	762,265	1-6
1932	417	8,077,966	20-4	330,854	0-9	1,028	...	4,729,572	12-5	38,578,690	74-0	38,578,690	74-0	28,587,339	65-4	762,265	1-6
1933	386	8,062,966	20-8	404,181	1-0	1,027	...	1,575,629	4-0	38,578,690	74-0	38,578,690	74-0	28,587,339	65-4	762,265	1-6
1934	386	8,107,966	19-0	405,747	1-0	1,027	...	1,893,267	4-4	32,031,348	75-6	42,436,355	9-2	21,472,727	5-2	4,878,250	11-4
1935	379	8,122,966	19-0	429,327	1-0	1,015	...	1,868,676	4-4	32,409,353	75-6	42,831,337	6-1	21,472,727	5-2	4,878,250	11-4
1936	383	8,137,966	18-7	466,787	1-1	1,012	...	2,036,948	4-7	32,893,250	75-5	43,535,963	8-4	21,472,727	5-2	4,878,250	11-4

NATIONAL BANK OF AUSTRALASIA, LIMITED

ESTABLISHED 1858

1918.—Amalgamated with Colonial Bank of Australasia, Limited

1922.—Absorbed Bank of Queensland, Limited

Shares	Per Share	CAPITAL				Year ended March 31	Net Profit	Dividend	To Reserve, Etc.	Carried Forward
		Subscribed	Paid-up	Callable	Reserved					
.....		£6,800,000	£5,000,000	£1,800,000	Nil	1927	581,645	10	180,000	144,803
						1928	640,401	10	138,423	148,495
						1929	659,278	10	180,000	187,773
						1930	655,134	10	180,000	182,907
						1931	561,266	8	180,000	149,113
						1932	276,838	6	20,000	125,951
						1933	291,944	5	20,000	147,895
						1934	274,024	5	20,000	151,919
						1935	275,591	5	20,000	157,510
						1936	294,404	5	30,000	159,413
						1937	325,627	5	40,000	157,540

£8 shares with £5 paid, September 30, 1937.

Continued on page 32

SECURITY!

Life has a sense of firm foundation to

those who have

SAFEGUARDED

the future

PROTECT

Your dependants and

PROVIDE

for retirement by a

REFUGE POLICY

Assets : : : £65,600,000
 Claims Paid : : : £103,000,000

REFUGE
ASSURANCE COMPANY
 LIMITED
 OXFORD ST., MANCHESTER, 1

THE
LIVERPOOL
 AND
LONDON
 AND
GLOBE

INSURANCE
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ALL CLASSES OF INSURANCE

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SECURITY
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FUNDS EXCEED
 £48,000,000

CLAIMS PAID
 OVER
 £225,000,000

All classes of
 Insurance
 transacted

Head Offices:

NORTH JOHN ST., LIVERPOOL

LONDON: LOMBARD STREET

FIRE : MOTOR : ACCIDENT : LIFE

TOTAL FUNDS
 EXCEED
 £19,500,000

THE EMPLOYERS'
LIABILITY ASSURANCE CORPORATION
 LIMITED

Hamilton House, Victoria Embankment, London, E.C.4
 and Associated Companies

NATIONAL BANK OF AUSTRALASIA, LIMITED.—Continued from page 30

Year ended March 31	Number of Branches	LIABILITIES										Total Liabilities or Assets	ASSETS									
		Capital and Reserves	Per Cent.	Un- divided Profits	Per Cent.	Notes	Per Cent.	Bills in Circula- tion, etc.	Per Cent.	Deposit and Current Accounts	Per Cent.		Cash in Hand and at Bank	Per Cent.	Invest- ments	Per Cent.	Bills and Remit- tances in Transit	Per Cent.	Discounts and Advances	Per Cent.	Real Estate and Prem- ises	Per Cent.
1927	320	6,500,000	15.1	344,603	0.8	48,014	0.1	1,764,391	4.1	34,252,718	79.9	42,909,728	5,993,434	14.0	2,866,383	6.8	2,663,653	6.3	30,158,054	70.2	1,178,202	2.7
1928	328	8,000,000	17.5	398,495	0.9	47,856	0.1	1,655,528	3.6	35,320,079	77.9	45,622,056	6,676,110	14.6	2,866,548	14.2	2,663,686	6.3	28,222,494	61.1	1,178,202	2.7
1929	334	8,100,000	17.1	407,773	0.9	47,900	0.1	1,534,898	3.2	37,341,465	78.7	47,431,824	5,327,009	11.2	2,823,371	12.3	2,607,593	5.8	32,127,198	66.7	1,346,665	2.8
1930	343	8,200,000	18.0	412,907	0.9	47,852	0.1	1,432,135	3.1	35,559,314	77.7	45,852,206	6,074,364	13.2	2,778,551	6.1	1,884,901	4.1	33,514,797	73.4	1,399,595	2.8
1931	344	8,300,000	18.3	349,113	0.8	47,827	0.1	1,024,820	2.4	33,306,314	77.4	43,027,837	6,841,892	15.4	1,141,667	2.6	1,480,720	3.4	31,671,405	73.7	1,459,981	3.1
1932	344	8,300,000	18.7	275,951	0.6	47,708	0.1	1,024,467	2.3	34,619,063	78.3	44,267,189	6,816,196	14.9	1,141,667	2.6	2,054,886	4.6	31,671,405	73.7	1,459,981	3.1
1933	328	8,300,000	18.2	272,895	0.6	47,613	0.1	1,063,949	2.5	33,682,199	77.6	43,346,656	4,314,470	9.9	1,478,855	3.4	51,887,546	4.3	34,310,678	79.2	1,355,107	3.1
1934	328	8,300,000	18.1	276,819	0.6	47,599	0.1	1,088,227	2.6	36,212,881	78.6	45,256,626	4,421,271	9.8	2,942,877	4.3	4,709,569	5.5	34,407,973	73.0	1,345,778	2.9
1935	327	8,300,000	17.7	282,510	0.6	47,580	0.1	1,345,772	2.9	37,049,415	78.7	47,025,288	5,620,802	12.0	3,942,877	8.4	4,709,569	5.5	34,407,973	73.0	1,345,778	2.9
1936	328	8,300,000	17.5	298,913	0.6	47,579	0.1	1,082,565	2.5	37,769,620	79.5	47,496,877	5,567,088	11.7	4,331,791	9.1	3,575,415	7.5	32,446,662	68.4	1,575,741	3.3
1937	327	8,300,000	16.1	307,540	0.6	47,564	0.1	1,082,831	2.5	37,420,269	82.0	51,499,254	5,961,565	11.6	4,337,712	12.4	4,506,811	8.3	30,060,786	68.4	1,575,741	3.3

NATIONAL BANK OF NEW ZEALAND, LIMITED

REGISTERED 1872.

Year ended March 31	Number of Branches	CAPITAL					Market Value	Year ended March 31	Net Profit	Dividend	To Reserve, Etc.	Carried Forward
		Subscribed	Paid-up	Callible	Reserved	Value						
1927	56	4,000,000	21.4	345,319	1.8	1,058,710	5.7	2,013,963	10.8	11,283,317	60.3	18,701,306
1928	56	4,000,000	21.3	335,572	1.7	1,173,482	6.2	2,138,647	7.3	12,088,015	63.5	18,981,716
1929	59	4,000,000	21.8	326,154	1.7	1,297,385	6.9	2,618,830	13.9	10,567,019	56.2	18,909,388
1930	59	4,000,000	20.8	294,171	1.5	1,115,974	5.8	1,638,755	8.6	12,165,675	63.3	19,214,575
1931	59	4,000,000	22.3	248,457	1.4	940,476	5.2	1,062,541	5.9	11,657,303	65.0	17,908,777
1932	57	4,000,000	21.5	202,294	1.1	961,152	5.2	1,090,808	5.8	12,314,328	66.4	18,558,582
1933	56	4,000,000	18.0	154,742	0.8	1,019,477	5.0	1,287,043	6.4	13,767,817	68.0	22,129,079
1934	56	4,000,000	18.0	146,416	0.7	1,111,225	5.0	1,313,405	5.9	15,595,886	70.4	22,186,929
1935	56	4,000,000	18.7	155,368	0.8	1,151,763	5.8	1,368,859	7.3	13,554,859	72.4	18,730,841
1936	57	4,000,000	18.5	153,959	0.8	99,821	0.5	1,559,615	8.2	13,655,182	72.8	18,968,774
1937	58	4,000,000	18.5	152,797	0.8	...	...	1,488,645	7.9	13,751,541	72.8	18,892,983

† Includes New Zealand Government Treasury Bills.

QUEENSLAND NATIONAL BANK, LIMITED

INCORPORATED 1872

CAPITAL				Market Value Sept. 30, 1937 £	Year Ended June 30 1927	Net Profit £ 1928 1929 1930 1931 1932 1933 1934 1935 1936 1937	Dividend % 10* 10* 10* 9* 8½* 4* 4* 4* 4* 4* 4½*	To Reserve, Etc. £ 40,000 35,000 30,000 25,000 20,000	Carried Forward £ 13,851 8,672 6,058 18,518 17,057 18,645 21,684 19,095 18,788 19,936 20,381	
Subscribed £	Paid-up £	Callable £	Reserved £							
1,750,000	1,750,000	Nil	Nil	1,443,750						
Per Share £5	Per Share £5	Per Share Nil	Per Share Nil	Per Share £4½						
Interminable inscribed deposit stock, £2,750,842.										

* Free of Queensland Income Tax and no deduction will be made in respect of Federal Income Tax payable by the Bank.

* Free of Queensland Income Tax and no deduction will be made in respect of Federal Income Tax payable by the Bank.

Year ended June 30	Number of Branches	LIABILITIES						Total Liabilities or Assets	ASSETS											
		Capital and Reserves	Per Cent.	Un- divided Profits	Per Cent.	Miscel- aneous Credits, Rebate, etc.	Per Cent.		Deposit and Current Accounts	Per Cent.	Cash in Hand and at Bankers	Per Cent.	Cash at Call and Short Notice in London	Per Cent.	Invest- ments	Per Cent.	Discounts, Advances, and Bills in Transit	Per Cent.	Premises and Sundries	Per Cent.
1927...	99	£ 5,448,834	36.8	£ 51,351	0.3	£ 712,405	4.8	£ 8,574,176	58.1	£ 14,786,766	1,814,911	12.3	£ 160,000	1.1	£ 1,302,077	8.8	£ 10,971,830	74.2	£ 537,948	3.6
1928...	102	£ 5,628,627	37.2	£ 52,421	0.3	£ 431,621	2.9	£ 9,026,995	59.6	£ 15,137,664	1,518,036	10.0	£ 170,000	1.1	£ 1,989,914	13.1	£ 10,933,435	72.3	£ 528,279	3.5
1929...	102	£ 5,656,669	36.5	£ 49,809	0.3	£ 407,581	2.6	£ 9,404,099	60.6	£ 15,151,158	1,598,240	10.3	£ 135,000	0.9	£ 2,017,008	13.0	£ 11,243,081	72.4	£ 524,849	3.4
1930...	102	£ 5,681,666	36.5	£ 53,515	0.4	£ 348,219	2.4	£ 8,657,228	58.7	£ 14,740,631	1,738,632	11.8	£ 120,000	0.8	£ 1,810,342	8.9	£ 11,043,884	74.9	£ 527,173	3.6
1931...	102	£ 5,701,669	36.3	£ 43,307	0.3	£ 437,459	3.0	£ 8,332,164	57.4	£ 14,514,589	1,693,581	12.6	£ 80,000	0.6	£ 1,650,330	11.4	£ 10,285,958	70.7	£ 527,173	3.6
1932...	101	£ 5,701,669	40.2	£ 53,645	0.4	£ 292,529	2.1	£ 8,135,285	57.3	£ 14,183,128	1,789,827	12.6	£ 80,000	0.6	£ 1,650,330	11.4	£ 10,285,958	70.7	£ 527,173	3.6
1933...	99	£ 5,625,096	40.6	£ 56,684	0.4	£ 302,531	2.2	£ 7,872,214	56.8	£ 13,856,525	1,613,937	11.6	£ 25,000	0.2	£ 2,500,319	18.3	£ 9,181,611	64.4	£ 542,923	3.8
1934...	99	£ 5,484,478	39.8	£ 54,036	0.4	£ 289,042	2.1	£ 7,941,285	57.7	£ 13,748,911	1,762,008	12.8	£ 25,000	0.2	£ 2,602,885	18.1	£ 9,181,611	64.4	£ 551,371	3.9
1935...	99	£ 5,424,989	38.1	£ 53,788	0.4	£ 305,362	2.1	£ 8,451,035	59.4	£ 14,235,174	1,845,889	13.1	£ 15,000	0.1	£ 2,148,388	15.6	£ 9,268,534	65.6	£ 549,233	3.8
1936...	101	£ 5,380,842	37.2	£ 54,936	0.4	£ 349,041	2.4	£ 8,646,021	60.0	£ 14,410,640	1,840,236	9.7	£ 15,000	0.1	£ 2,235,409	15.8	£ 9,430,651	66.3	£ 547,273	3.8
1937...	101	£ 5,380,842	36.0	£ 59,758	0.4	£ 356,844	2.4	£ 9,110,747	61.2	£ 14,888,189	1,865,177	11.2	£ 15,000	0.1	£ 2,208,614	15.8	£ 10,448,652	70.2	£ 547,273	3.8

THE UNION BANK OF AUSTRALIA, LIMITED

ESTABLISHED 1837

CAPITAL					Market Value	Year ended Feb. 28	Net Profit £	Dividend %	To Reserve, Etc. £	Carried Forward
Subscribed	Paid-up	Callable	Reserved	£						
£	£	£	£	£		1926	627,611	15 (a)	100,000	95,513
12,000,000	4,000,000	Nil	8,000,000	5,900,000		1927	627,426	15 (a)	100,000	97,939
						1928	638,966	15 (a)	75,000	99,404
						1929	611,932	15 (a)	25,000	86,336
						1930	625,656	12½ (a)	25,000	86,992
						1931	283,019	7 (a)	...	90,010
						1932	160,954	4 (a)	...	90,964
					Per Share, Sept. 30, 1937	1933	209,559	5 (a)	...	100,523
						1934	203,509	5 (a)	...	104,032
						1934*	106,999	5 (a)	...	111,031
						1935†	214,985	5 (a)	...	126,016
						1936†	240,848	5½ (a)	...	146,864

(a) Free of tax.

BANK OF MONTREAL

ESTABLISHED 1817

Acquired Exchange Bank of Yarmouth, 1903
Acquired People's Bank of Halifax, 1905
Acquired Ontario Bank, 1906
Acquired People's Bank of New Brunswick, 1907

Acquired Bank of British North America, October, 1918
Acquired Merchants' Bank of Canada, March, 1922
Acquired Molsons Bank, January, 1925

CAPITAL				Year Ended	Net Profit	Dividend	To Reserve, Etc.	Carried Forward
Subscribed	Paid-up	Callable	Reserve Liability	Oct. 31				
\$	\$	\$	\$	1926	4,978,133	14	619,187	787,416
36,000,000	36,000,000	...	32,400,000	1927	5,299,884	14	1,724,187	154,799
				1928	5,847,327	14	1,100,000	713,789
				1929	7,070,892	14	2,335,965	735,582
				1930	6,519,032	14	1,311,439*	947,047
Per Share	Per Share	Per Share	Per Share	1931	5,386,390	12	910,000	1,103,427
\$100	\$100	...	\$90	1932	4,663,101	11	557,871	1,248,856
				1933	4,005,154	8†	608,559	1,585,451
				1934	4,105,024	8	1,000,655	1,909,821
				1935	3,005,213	8	...	1,935,033
				1936	3,181,501	8	1,200,000	1,036,535

* Including \$51,480 premiums on new stock, carried to reserve.

(Dollars converted to sterling at rate of \$5 to £1.)

Year ended April 30	LIABILITIES										ASSETS											
	No. of Branches	Capital and Reserves	Per Cent.	Un-divided Profits	Per Cent.	Notes	Per Cent.	Balances Due to Other Banks in Canada, etc.	Per Cent.	Deposit and Current Accounts	Per Cent.	Total Liabilities or Assets	Cash in Hand and Due by Agencies	Per Cent.	Cash at Call and Short Notice in G.Britain & U.S.A.	Per Cent.	Investments	Per Cent.	Discounts and Advances	Per Cent.	Premises and Sundries	Per Cent.
1926	614	11,666,680	8.0	367,980	0.2	8,334,888	5.6	4,321,421	2.9	124,835,502	83.3	149,828,471	26,732,226	17.8	28,469,331	19.0	26,124,483	17.4	82,467,365	41.8	9,003,068	4.0
1927	620	11,666,680	7.6	442,165	0.2	8,653,280	5.5	3,944,662	2.5	131,815,575	84.8	156,822,555	31,149,028	19.9	29,939,254	19.1	24,509,793	15.6	65,283,675	41.6	9,960,803	3.8
1928	626	12,166,680	7.0	332,071	0.3	8,528,928	4.9	5,336,807	3.1	147,270,037	84.8	173,837,523	32,772,922	18.8	31,614,796	18.2	26,185,165	15.1	76,488,178	44.0	6,596,462	3.8
1929	658	14,019,504	7.6	502,115	0.2	8,678,700	4.7	18,270,402	7.2	146,670,410	80.2	183,141,131	34,141,104	18.6	35,666,830	19.6	28,302,872	15.4	78,628,538	43.0	6,201,787	3.4
1930	675	14,800,000	9.0	474,188	0.3	7,984,828	4.7	5,296,057	3.2	136,255,045	82.6	164,519,929	31,075,406	18.9	19,097,894	11.6	24,516,759	14.8	83,599,766	50.9	6,230,104	3.8
1931	648	14,800,000	9.0	434,254	0.3	6,733,598	4.5	5,196,649	3.3	130,215,049	82.7	157,379,541	26,601,844	16.9	9,077,851	5.8	43,325,885	27.6	72,363,449	46.0	5,790,123	3.7
1932	656	14,800,000	9.0	460,319	0.3	7,028,714	4.7	4,521,464	3.0	122,911,969	82.1	148,722,496	26,014,334	17.4	5,181,587	3.5	45,900,524	30.8	67,248,732	44.9	5,377,119	3.6
1933	605	14,800,000	9.0	432,191	0.3	6,829,594	4.4	4,629,547	3.0	127,150,923	82.7	153,833,255	26,438,348	19.1	5,045,765	3.3	46,999,591	34.7	60,586,234	39.4	5,293,295	3.4
1934	574	14,800,000	9.0	463,418	0.3	6,763,962	4.4	4,742,582	3.1	126,939,220	82.6	153,707,182	26,216,850	17.1	8,792,290	5.7	46,408,457	41.3	60,377,083	39.2	4,824,732	3.1
1935	589	14,800,000	9.0	507,782	0.3	7,051,175	4.6	4,360,582	3.0	115,102,117	75.9	151,821,636	26,534,801	17.5	8,106,700	5.3	46,895,408	32.1	64,876,786	32.1	4,876,786	3.2
1936	545	14,800,000	9.3	533,018	0.3	5,991,826	3.8	3,962,934	2.5	133,296,796	84.1	158,554,574	26,646,023	18.7	4,654,195	2.9	72,374,744	45.7	74,682,282	29.6	4,967,350	3.1
1936†	525	15,000,000	9.3	553,230	0.3	5,549,594	3.4	3,532,543	2.1	136,580,633	84.9	161,016,400	25,818,208	16.1	6,714,031	4.2	88,762,279	55.1	134,828,202	21.6	4,883,680	3.0

* Six months ended October 31

† Year ended October 31

BANK OF NOVA SCOTIA

ESTABLISHED 1832

1913.—Absorbed Bank of New Brunswick

1914.—Absorbed Metropolitan Bank

1919.—Absorbed Bank of Ottawa

CAPITAL				Year Ended	Net Profit	Dividend	To Reserve, Etc.	Carried Forward
Subscribed	Paid-up	Callable	Reserved	Dec. 31				
\$	\$	\$	\$	1926	448,649	16	87,000	131,777
12,000,000	12,000,000	Nil	12,000,000	1927	473,064	16	189,000	95,841
				1928	507,104	16	100,000	182,945
				1929	557,223	16	122,000	293,168
Per Share	Per Share	Per Share	Per Share	1930	507,129	16	127,000	106,966
\$100	\$100	Nil	\$100	1931	515,960	16	127,000	111,926
				1932	460,687	15	96,969	115,645
				1933	407,180	12†	95,400	127,425
				1934	370,066	12	79,000	136,491
				1935	366,835	12	73,000	142,326
				1936	385,337	12	79,000	190,663

(Dollars converted to sterling at rate of \$5 to £1)

Year ended Dec. 31	Number of Branches	LIABILITIES										Total Liabilities or Assets	ASSETS									
		Capital and Reserves	Per Cent.	Un-divided Profits	Per Cent.	Notes	Per Cent.	Due to Other Banks, etc.	Per Cent.	Deposit and Current Accounts	Per Cent.		Cash in Hand and Due by Agents	Per Cent.	Call and Short Loans	Per Cent.	Investments	Per Cent.	Discounts and Advances	Per Cent.	Real Estate, Pre-mises, and Sundries	Per Cent.
1926...	303	5,900,000	12.0	212,273	0.4	2,998,231	6.1	1,159,365	4.4	38,078,448	77.1	49,344,317	10,261,070	20.6	8,137,822	12.4	10,849,874	24.1	19,135,409	38.9	2,930,142	5.9
1927...	309	6,000,000	11.5	176,007	0.3	3,038,033	5.8	2,493,642	4.7	40,699,714	77.7	52,347,396	10,474,742	20.1	7,903,945	15.1	10,289,259	22.0	20,854,399	39.8	2,825,051	5.5
1928...	320	6,000,000	10.7	283,222	0.5	3,219,611	5.8	2,920,354	5.2	43,467,426	77.8	55,900,613	11,314,201	20.2	9,387,847	16.6	9,978,272	19.8	22,169,103	39.7	3,051,190	5.6
1929...	327	6,000,000	10.7	373,671	0.7	3,240,453	5.9	2,896,672	5.3	42,347,479	77.2	54,848,275	10,696,159	19.9	9,027,968	16.4	7,441,926	17.9	24,596,487	44.8	2,885,723	5.3
1930...	335	7,200,000	12.7	203,015	0.2	2,793,469	5.2	2,418,197	4.6	40,008,451	76.0	52,623,132	9,226,861	17.5	7,822,335	14.5	9,750,524	19.3	17,402,023	44.0	2,849,489	5.4
1931...	324	7,200,000	13.7	208,567	0.2	2,540,566	4.8	1,860,965	3.5	40,699,392	77.6	52,499,290	8,488,170	16.1	13,596,873	6.9	12,636,483	18.6	24,420,028	46.8	3,357,734	6.4
1932...	322	7,200,000	13.6	200,592	0.2	2,215,802	4.2	2,740,514	5.2	40,625,915	76.8	52,682,823	9,468,352	17.8	13,049,010	5.8	15,037,796	24.1	22,032,556	41.8	3,395,106	6.6
1933...	317	7,200,000	13.0	200,221	0.2	2,300,209	4.2	2,764,449	6.9	41,598,472	77.0	54,063,331	10,437,588	19.3	2,202,042	4.1	15,838,053	29.3	22,050,000	40.0	3,535,666	6.6
1934...	310	7,200,000	13.8	208,641	0.2	2,464,440	4.3	2,892,370	6.9	42,349,707	75.9	56,115,158	10,555,420	19.7	2,884,659	5.1	18,900,429	33.9	19,911,143	35.9	3,358,005	5.8
1935...	303	7,200,000	12.4	214,738	0.3	1,942,879	3.4	2,164,943	3.7	46,242,018	80.1	57,764,578	10,278,087	17.8	1,672,330	2.9	22,649,009	39.8	19,967,147	34.5	3,358,005	5.8
1936...	303	7,200,000	12.1	233,067	0.3	1,883,182	3.2	2,373,292	4.0	47,702,312	80.3	59,391,853	9,982,015	16.8	8,569,902	5.7	23,564,218	39.7	19,132,290	32.2	3,343,428	5.6

THE CANADIAN BANK OF COMMERCE

INCORPORATED 1867 IN CANADA WITH LIMITED LIABILITY

Head office, Toronto, Canada.

CAPITAL				Market	Year Ended Nov. 30	Net Profit	Dividend	To Reserve, Etc.	Carried Forward
Subscribed	Paid-up	Callable	Reserves	Price			%		
\$	\$	\$	\$	Per Share,	1926	747,325	13	203,340	288,196
30,000,000	30,000,000	Nil	20,000,000	Sept. 30,	1927	765,815	13	494,765	292,591
					1928	920,953	13	596,936	62,535
Per Share	Per Share	Per Share	Per Share	1937	1929	1,041,006	13	1,302,572†	97,627
\$100	\$100	Nil	\$100	£34	1930	1,105,155	13	337,637†	106,100
					1931	981,149	12	237,450	110,072
					1932	855,885	11	199,121	103,900
					1933	729,766	8‡	191,233	132,433
					1934	682,731			

(Converted at par of exchange.)

* Includes profit and loss balance of the Standard Bank of Canada.

† Includes £1,022,180 received as premiums on new shares issued.

‡ Includes £41,505 premium on new issue.

Continued on page 35



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THE CANADIAN BANK OF COMMERCE—Continued from page 34

Year Ended November 30	No. of Branches	LIABILITIES							Total Liabilities or Assets	ASSETS						
		Capital and Reserves	Per Cent.	Undi- vided Profits	Per Cent.	Notes	Per Cent.	Due to Other Banks, etc.		Cash in Hand and Due by Agents	Per Cent.	Call and Short Loans	Per Cent.	Invest- ments	Per Cent.	Real Estate, Pre- mises and Sundries
1926	552	8,219,178	7.8	428,556	0.4	5,927,959	5.6	6,852,823	6.5	83,900,980	79.7	105,359,496	100.0	16,750,612	15.9	16,038,806
1927	572	8,219,178	7.2	458,001	0.4	5,859,184	5.1	8,534,768	7.4	91,732,192	79.9	114,803,321	100.0	16,750,612	15.9	16,038,806
1928	588	10,201,398	6.8	248,884	0.2	7,453,374	4.9	15,937,026	10.3	119,176,194	78.0	153,016,976	100.0	16,750,612	15.9	16,038,806
1929	795	12,245,758	7.5	341,873	0.2	7,197,131	4.4	23,958,784	14.5	120,891,894	73.4	164,635,440	100.0	16,750,612	15.9	16,038,806
1930	782	12,328,768	8.7	353,543	0.2	5,994,748	4.2	13,408,881	9.5	109,102,609	77.4	141,188,549	100.0	16,750,612	15.9	16,038,806
1931	749	12,328,768	9.4	296,542	0.2	5,414,943	4.1	7,993,475	6.1	105,634,509	80.2	131,668,237	100.0	16,750,612	15.9	16,038,806
1932	735	12,000,000	10.0	255,687	0.2	4,501,472	3.7	6,314,740	5.2	96,991,122	80.9	120,063,025	100.0	16,750,612	15.9	16,038,806
1933	691	10,000,000	8.7	254,420	0.2	4,688,961	4.1	7,494,377	6.5	92,401,446	80.9	114,839,200	100.0	16,750,612	15.9	16,038,806
1934	636	10,000,000	8.7	256,700	0.2	5,194,592	4.5	3,953,314	3.4	95,658,196	83.2	115,062,802	100.0	16,750,612	15.9	16,038,806
1935	599	10,000,000	8.0	254,040	0.2	5,345,815	4.2	3,429,759	2.7	108,877,668	84.9	125,907,302	100.0	16,750,612	15.9	16,038,806
1936	593	10,000,000	7.9	264,003	0.2	4,911,950	3.9	3,809,973	3.0	108,561,654	85.0	127,547,580	100.0	16,750,612	15.9	16,038,806

§ Figures for these years are converted at rate of \$5 to £1.

THE DOMINION BANK

ESTABLISHED 1871

Year Ended Dec. 31	No. of Branches	LIABILITIES							Total Liabilities or Assets	ASSETS						
		Capital and Reserves	Per Cent.	Undi- vided Profits	Per Cent.	Notes	Per Cent.	Miscel- laneous Credits, Rebate, etc.		Cash in Hand and Due at Bank	Per Cent.	Loans	Per Cent.	Invest- ments	Per Cent.	Build- ings and Sundries, including Deposit for Note Issue
1926	118	2,600,000	10.2	254,618	1.0	1,491,115	5.8	1,438,323	5.6	19,772,116	77.4	25,556,172	100.0	4,920,232	19.3	2,494,784
1927	120	2,600,000	9.9	272,526	0.9	1,568,983	5.4	1,203,678	4.7	21,751,384	77.4	28,296,551	100.0	5,330,417	18.9	3,114,907
1928	120	2,600,000	9.2	103,134	0.3	1,641,447	5.4	2,548,331	8.3	23,468,117	76.8	30,561,029	100.0	6,452,067	15.1	4,544,015
1929	145	3,200,000	11.3	144,958	0.5	1,538,043	5.0	1,997,938	6.5	23,970,317	77.7	30,836,261	100.0	5,370,557	17.4	4,216,081
1930	145	3,200,000	11.3	144,958	0.5	1,538,043	5.0	1,997,938	6.5	23,970,317	77.7	30,836,261	100.0	5,370,557	17.4	4,216,081
1931	145	3,200,000	12.0	135,231	0.5	1,252,461	4.7	897,505	3.4	21,089,819	79.4	26,575,016	100.0	4,205,535	15.8	4,334,705
1932	135	3,200,000	13.0	97,340	0.4	1,168,446	4.7	907,493	3.7	19,212,129	78.2	24,583,408	100.0	4,248,277	17.3	3,180,882
1933	135	3,200,000	11.5	122,183	0.5	1,252,249	5.2	945,751	3.9	19,114,326	78.9	24,234,509	100.0	3,285,373	13.6	1,613,159
1934	133	2,800,000	11.1	143,344	0.6	1,336,724	5.1	1,227,525	4.9	19,653,832	78.1	25,161,425	100.0	4,352,863	17.4	4,018,965
1935	130	2,800,000	10.4	153,637	0.6	1,180,446	4.4	874,944	3.2	21,815,834	81.4	26,824,761	100.0	4,981,192	18.6	2,107,651
1936	132	2,800,000	10.1	168,957	0.6	1,114,140	4.0	656,434	2.4	23,051,746	82.9	27,791,277	100.0	5,257,907	18.9	3,038,058

(Dollars converted to sterling at rate of \$5 to £1)

ROYAL BANK OF CANADA

Incorporated in 1869 as Merchants' Bank of Halifax. Name changed in 1901

Absorbed Union Bank of Halifax, 1910

Absorbed Traders Bank of Canada, 1912

Absorbed Quebec Bank, October, 1916

Year Ended May 31	No. of Branches	LIABILITIES							Total Liabilities or Assets	ASSETS						
		Capital and Reserves	Per Cent.	Undi- vided Profits	Per Cent.	Notes	Per Cent.	Miscel- laneous Credits		Cash in Hand and Due from Other Banks & Agents	Per Cent.	Cash at Call and Short Notice	Per Cent.	Invest- ments	Per Cent.	Dis- counts and Advances
1927	873	11,537,804	7.4	455,818	0.7	1,256,347	4.6	12,665,033	8.1	124,221,545	79.6	156,006,547	100.0	22,981,247	14.7	22,217,013
1928	878	12,000,000	6.5	541,966	0.7	1,389,927	4.0	15,483,379	8.4	149,538,920	80.8	184,954,192	100.0	29,732,649	16.1	24,698,526
1929	897	13,627,992	7.2	679,694	0.7	1,662,117	4.1	18,772,953	10.0	147,156,236	78.3	187,836,992	100.0	25,775,196	13.7	28,075,555
1930	913	14,000,000	7.9	924,830	0.7	1,506,699	4.2	15,846,369	9.0	138,329,551	78.4	176,607,449	100.0	24,449,452	13.3	21,405,001
1931	890	14,000,000	8.2	1,031,356	0.8	1,497,657	4.3	15,442,740	9.0	133,774,633	78.4	176,746,386	100.0	24,584,412	14.1	21,385,064
1932	877	14,000,000	9.2	1,041,021	0.7	1,599,754	4.9	9,830,561	6.3	121,318,868	79.9	151,950,204	100.0	23,859,072	15.1	21,385,064
1933	877	14,000,000	9.9	373,391	0.3	1,824,964	4.1	6,598,356	4.6	115,166,804	81.1	141,983,515	100.0	21,750,093	15.3	21,385,064
1934	784	11,000,000	7.7	416,721	0.7	1,581,276	4.1	6,130,022	4.1	91,893,289	83.6	142,325,317	100.0	26,306,493	18.5	21,052,762
1935	749	11,000,000	7.3	441,361	0.7	1,591,838	4.4	5,978,106	4.0	92,091,284	84.4	149,421,589	100.0	25,256,091	16.9	21,052,762
1936	724	11,000,000	6.8	481,912	0.7	1,326,845	3.9	5,919,725	3.7	137,328,275	85.9	180,950,756	100.0	28,090,528	17.5	6,454,262
1937	717	11,000,000	6.2	522,739	0.7	1,383,188	3.3	7,453,488	4.2	151,538,428	88.0	176,407,863	100.0	30,666,323	17.4	8,852,226

(Dollars converted to sterling at rate of \$5 to £1)

† February 28,

(5) INDIAN BANKS

INDIAN BANKS WITH OFFICES IN LONDON

Year	Banks	No. of Branches	Capital and Reserves	% of Liabilities	Notes	% of Liabilities	Deposits	% of Liabilities	Total Assets or Liabilities	Cash in Hand, Money at Call and Short Notice	% of Liabilities	Invest- ments	% of Liabilities	Discounts and Advances	% of Liabilities
1890...	5	50	4,347,200	12.1	1,241,000	3.4	17,964,400	50.0	36,003,400	4,321,200	12.0	2,990,500	8.1	27,541,300	76.5
1900...	5	54	3,186,800	10.5	699,800	2.3	18,084,800	58.5	30,207,600	4,704,900	15.5	2,794,600	9.3	22,147,300	72.5
1905...	4	63	3,735,100	10.6	639,100	1.8	23,473,900	66.5	35,268,500	6,507,100	18.4	3,119,500	8.8	23,634,900	69.6
1910...	5	87	6,100,000	12.9	515,600	1.1	34,547,000	72.9	47,339,600	8,312,300	17.6	4,139,400	8.7	32,101,200	67.8
1915...	5	91	7,323,485	11.1	1,085,514	1.6	48,782,482	73.8	66,017,462	12,512,987	18.9	8,002,065	12.1	42,085,918	63.6
1920...	4	94	14,171,476	8.9	2,995,124	1.9	118,352,583	74.1	159,492,420	28,521,284	17.9	10,424,084	6.5	108,740,228	68.0
1926...	4	109	15,665,000	11.5	2,424,847	1.8	102,987,832	75.7	135,837,427	20,018,291	14.7	39,554,406	29.1	68,514,158	50.5
1927...	4	110	15,770,000	11.6	2,218,870	1.8	99,421,137	73.0	136,121,504	12,722,522	9.3	36,496,821	26.8	76,954,934	56.5
1928...	4	113	15,875,000	11.9	1,977,396	1.5	97,756,492	73.4	132,222,009	14,267,964	10.7	35,275,577	26.5	75,669,243	56.8
1929...	4	113	15,980,000	12.4	2,351,788	1.8	95,286,461	74.0	128,696,924	13,485,072	10.5	33,001,599	25.6	74,758,105	58.1
1930...	4	113	16,030,000	13.3	2,184,761	1.8	91,250,356	75.6	120,695,667	14,444,621	12.0	36,683,818	30.4	62,450,479	51.8
1931...	4	109	13,780,000	12.2	2,139,984	1.9	83,246,489	73.8	112,789,023	12,225,970	10.8	35,545,820	31.5	59,248,666	52.5
1932...	4	108	13,825,000	11.5	2,056,662	1.7	92,788,140	70.1	120,564,299	16,499,083	13.7	42,023,461	34.9	55,816,505	46.4
1933...	4	106	13,825,000	11.2	2,006,743	1.6	94,676,009	76.6	123,617,836	14,840,777	12.0	46,081,291	37.4	56,670,306	45.9
1934...	4	106	13,825,000	11.2	2,006,743	1.6	94,676,009	76.6	123,617,836	14,840,777	12.0	46,081,291	37.4	56,670,306	45.9
1935...	4	106	13,825,000	11.2	2,006,743	1.6	94,676,009	76.6	123,617,836	14,840,777	12.0	46,081,291	37.4	56,670,306	45.9
1936...	4	108	13,825,000	10.6	1,863,797	1.4	100,658,797	77.1	130,610,032	14,984,604	11.5	53,128,363	40.7	56,000,860	49.5

IMPERIAL BANK OF INDIA

Year Ended Dec. 31	No. of Branches	LIABILITIES							Total Liabilities or Assets	ASSETS</
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THE EASTERN BANK, LTD.—Continued from page 37.

Year Ended Dec. 31	Number of Branches	LIABILITIES										Total Liabilities or Assets	ASSETS									
		Capital and Re- serves	Per Cent.	Un- divided Profits	Per Cent.	Bills Payable (includ- ing Accept- ances)	Per Cent.	Miscel- laneous Credits, etc.	Per Cent.	Deposits and Current Accounts	Per Cent.		Cash in Hand, at Bankers, and in Transit	Per Cent.	Invest- ments	Per Cent.	Bills Receiv- able	Per Cent.	Discounts and Advances	Per Cent.	Sundries	Per Cent.
1926 ...	11	1,380,000	12.8	118,441	1.0	1,459,463	13.5	1,825,577	16.9	5,989,036	55.7	10,772,517	18.7	3,083,978	28.6	1,826,913	15.1	2,921,228	27.2	1,336,618	12.4	
1927 ...	11	1,400,000	11.8	120,351	1.0	1,621,513	13.7	2,458,220	20.9	6,201,584	52.6	11,801,668	17.7	3,521,075	29.8	1,709,355	14.5	3,267,525	27.7	1,532,865	13.0	
1928 ...	12	1,425,000	12.9	124,470	1.1	1,408,332	12.1	2,473,992	21.3	6,170,098	53.4	11,601,892	17.8	3,722,247	32.1	1,805,919	13.8	3,609,821	31.1	1,180,419	10.2	
1929 ...	12	1,450,000	12.9	127,991	1.1	1,477,478	13.2	2,959,804	17.4	6,223,523	55.4	11,238,796	17.2	3,851,330	25.4	1,589,427	15.0	3,983,521	35.5	1,433,027	12.8	
1930 ...	12	1,480,000	14.0	124,685	1.1	1,789,414	16.9	1,803,973	15.2	5,576,819	52.7	10,574,891	16.3	3,161,022	30.0	1,587,837	15.0	2,678,283	25.3	1,887,037	17.8	
1931 ...	12	1,480,000	15.2	139,292	1.4	1,246,163	12.8	1,256,001	12.9	5,805,915	57.7	9,727,371	13.2	3,241,413	36.3	2,825,156	33.7	1,350,527	13.9	2,678,283	25.3	
1932 ...	12	1,500,000	15.4	126,236	1.3	1,304,855	13.4	804,600	8.3	6,007,085	61.6	9,727,371	13.2	3,241,413	36.3	2,825,156	33.7	1,350,527	13.9	2,678,283	25.3	
1933 ...	12	1,500,000	15.6	136,781	1.4	1,226,928	12.7	1,153,368	12.0	5,804,674	58.3	9,621,731	13.3	3,335,467	13.7	3,461,430	44.8	695,751	7.1	1,983,392	20.4	
1934 ...	12	1,500,000	14.0	151,767	1.4	998,555	9.3	1,595,689	14.9	6,450,187	60.4	10,696,198	13.3	1,458,871	8.7	6,597,642	6.7	605,335	6.1	3,805,322	18.8	
1935 ...	12	1,500,000	14.1	147,153	1.4	982,000	9.2	1,209,960	11.3	6,799,954	64.0	10,639,067	12.0	2,091,611	1.9	3,545,021	53.1	514,337	4.8	2,288,705	21.4	
1936 ...	12	1,500,000	12.6	164,018	1.4	949,834	8.0	1,519,332	12.7	7,771,800	65.3	11,904,984	9.4	1,123,248	9.4	6,122,064	51.5	949,896	8.0	2,756,907	23.1	

The MERCANTILE BANK OF INDIA

THE MERCANTILE BANK OF INDIA, LIMITED

REGISTERED 1892

Absorbed the Bank of Mauritius, Limited, as from January 1, 1916
Absorbed the Bank of Calcutta, Limited, as from March 31, 1906

CAPITAL					Year	Net Profit	Dividend	To Reserve, Premises, Pension Fund, etc.	Carried Forward
"A" Shares	Subscribed	Paid-up	Callable	Reserved					
.....	£750,000	£375,000	£187,500	£187,500	1926	£	%		£
Per Share	£25	£12 10s.	£6 5s.	£6 5s.	1927	250,782	16	85,000	160,667
					1928	237,180	16	85,000	161,846
"B" Shares	£750,000	£375,000	£187,500	£187,500	1929	230,201	16	85,000	162,047
					1930	257,459	16	85,000	162,047
Per Share	£25	£12 10s.	£6 5s.	£6 5s.	1931	213,340	16	85,000	164,506
					1932	152,081	18	45,000	166,845
"C" Shares	£1,500,000	£300,000	...	...	1933	179,809	12	25,000*	167,927
					1934	161,697	12	50,000	171,736
Per Share	£5	£5	...	...	1935	173,398	12	35,000	172,433
					1936	174,266	12	47,000	172,831
					1936	181,732	12	47,000	237,097
								57,000	235,829

* Premises and Pension Fund only. £450,000 was transferred from Reserve Fund to Inner Reserves.

NATIONAL BANK OF INDIA, LIMITED
ESTABLISHED 1863

CAPITAL				Market Value	Year	Net Profit	Dividend	To Reserve, etc.	Carried Forward
Subscribed	Paid-up	Callable	Reserved						
£4,000,000	£2,000,000	£2,000,000	Nil	£6,560,000	1926	£534,316	0%	£	
					1927	£541,099	20%	£120,000	£255,501
					1928	£530,829	20%	£120,000	£276,500
					1929	£511,133	20%	£130,000	£277,329
					1930	£480,329	20%	£110,000	£278,462
					1931	£470,019	20%	£70,000	£278,791
					1932	£450,197	20%	£80,000	£278,810
					1933	£450,783	20%	£50,000	£249,007
					1934	£460,310	18	£100,000	£249,790
					1935	£457,569	18	£100,000	£250,100
					1936	£456,286	18	£100,000	£247,688

P. AND O. BANKING CORPORATION, LIMITED

LIABILITIES																									ASSETS									
Year ended March 31	Capital and Reserves	Per Cent.	Current and Deposit Accounts	Per Cent.	Loans payable against Securities	Per Cent.	Acceptances and Bills for Collection	Per Cent.	Total Liabilities or Assets	Cash at Bankers and in Hand	Per Cent.	Bills receiv- able	Per Cent.	Invest- ments	Per Cent.	Loans receiv- able against Securities	Per Cent.	Advances	Per Cent.	Prem- ises	Per Cent.													
1932	2,774,180	19.2	6,897,715	47.8	4,073,158	28.3	433,280	0.3	14,386,537	2,374,536	16.5	2,102,179	14.6	4,346,876	30.2	1,850,000	11.5	3,173,789	22.1	158,377	0.1													
1933	2,774,180	20.4	7,071,906	51.8	3,089,017	22.2	487,010	0.3	13,825,737	1,496,345	11.0	2,233,194	16.4	5,984,792	43.6	790,324	5.8	2,463,430	18.0	148,882	0.1													
1934	2,774,180	18.3	6,433,239	43.0	5,165,783	34.4	400,527	0.3	14,959,484	1,957,887	13.1	2,134,364	14.3	6,807,975	45.6	805,824	5.4	2,714,907	18.1	138,000	0.1													
1935	2,774,180	16.8	7,169,970	43.5	5,916,250	35.9	438,518	0.3	16,461,810	1,286,275	7.7	3,709,699	22.5	5,445,783	31.1	1,815,823	11.0	3,128,486	19.0	127,282	0.1													
1936	2,774,180	16.9	7,818,404	48.4	4,755,000	30.4	463,883	0.3	17,113,867	1,487,355	10.1	3,200,943	21.7	4,561,751	31.0	1,945,824	13.2	2,938,111	19.9	116,000	0.1													
1937	2,774,180	17.3	7,370,489	45.8	5,231,250	32.5	547,501	0.3	16,093,117	1,196,957	7.5	3,426,311	21.4	4,834,884	30.1	2,335,824	14.8	8,637,239	22.6	114,401	0.1													

The UNION BANK OF AUSTRALIA LIMITED

Established 1837

CAPITAL AUTHORISED AND ISSUED - £12,000,000

JOINT-STOCK BANKS OF ENGLAND AND WALES

BANK OF ENGLAND

The profits for the half year ended August 31, 1937, after providing for a dividend of 6 per cent. less income tax, the making provision for all contingencies, were £655,813. After "Rest" was £3,023,914.

Returns for week ended October 6, 1937

ISSUE DEPARTMENT

Notes Issued:—
In Circulation 491,833,760
In Banking Department 34,572,865

Government Debt 11,015,100
Other Government Securities 186,677,829
Other Securities 297,162
Silver Coin 9,909

Amount of Fiduciary Issue 200,000,000
Gold Coin and Bullion 326,406,625

526,406,625

BANKING DEPARTMENT

Proprietors' Capital 14,553,000
Reserve 3,094,720
Public Deposits 17,954,078
Other Deposits 102,130,521
Other Accounts 336,804,888

Government Securities 106,533,165
Other Securities 106,533,165
Advances £10,837,347
Securities £20,896,734

Notes 31,734,081
Gold and Silver Coin 34,572,865
1,697,096

174,537,207

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

BARCLAYS BANK LIMITED

Dec. 31	Number of Branches	LIABILITIES					Total Liabilities or Assets	ASSETS												
		Capital and Reserves	Per Cent.	Acceptances and Endorsements	Per Cent.	Deposit and Current Accounts (c)		Per Cent.	Cash in Hand and at Bank, etc. (a)	Per Cent.	Cash at Call and Short Notice	Per Cent.	Investments (b)	Per Cent.	Discounts c	Per Cent.	Advances	Buildings and Sundries, including Cover for Acceptances	Per Cent.	
1926 ...	1894	26,108,217	7.5	12,446,160	3.6	309,883,690	88.9	348,438,067	55,248,882	15.9	21,284,818	6.1	62,172,062	17.8	36,617,279	10.5	155,454,795	44.6	17,660,231	5.1
1927 ...	1945	26,108,217	7.3	12,830,669	3.6	318,373,472	89.1	357,312,358	59,635,277	16.7	26,041,049	7.3	59,010,237	16.5	32,518,234	9.1	181,867,908	45.3	18,239,605	5.1
1928 ...	1979	26,108,217	6.8	24,874,317	6.5	335,081,222	86.7	386,063,756	60,914,638	15.8	23,988,400	6.2	63,906,320	16.7	38,258,566	9.9	168,620,475	43.7	20,375,354	5.9
1929 ...	2032	26,108,217	6.8	21,991,928	5.7	337,439,214	87.5	385,539,359	62,668,721	16.3	23,582,200	6.1	60,010,605	15.6	38,258,566	9.9	174,454,652	45.2	20,375,354	5.9
1930 ...	2090	26,108,217	6.7	12,710,524	3.3	349,273,283	90.0	388,092,024	63,109,418	16.3	22,316,100	5.7	63,061,611	16.3	50,901,977	13.1	174,454,652	45.2	20,375,354	5.9
1931 ...	2080	26,108,217	7.0	10,796,794	2.9	335,565,144	90.1	372,470,135	56,910,345	15.3	21,768,450	5.8	63,257,960	17.0	40,791,393	10.9	172,197,631	46.3	19,030,670	4.7
1932 ...	2070	26,108,217	6.3	6,279,470	1.5	381,846,610	92.2	414,234,297	62,344,879	15.0	24,817,550	5.9	64,048,105	22.7	86,289,257	16.0	172,197,631	46.3	17,546,375	4.7
1933 ...	2080	26,108,217	6.3	7,191,741	1.7	378,759,772	92.0	412,059,730	62,249,186	15.1	21,383,360	5.3	104,649,868	25.5	59,553,329	14.5	153,158,668	37.0	15,875,838	3.8
1934 ...	2091	26,108,217	6.3	7,205,554	1.7	380,093,759	92.0	413,407,530	58,699,862	14.2	25,837,900	6.3	110,463,939	26.7	47,572,778	11.5	155,979,234	37.7	14,859,917	3.6
1935 ...	2116	26,108,217	5.9	8,577,821	1.8	406,782,270	92.3	440,748,308	65,304,917	14.8	25,604,250	5.8	113,348,933	25.7	60,695,872	13.8	160,549,222	36.4	14,859,917	3.6
1936 ...	2106	26,108,217	5.6	9,266,151	2.0	429,538,416	92.4	464,912,784	66,630,908	14.3	26,318,900	5.7	116,336,885	25.0	59,249,252	12.7	179,655,011	38.6	16,722,917	3.6
June 30, 1937	2110	26,108,217	5.6	8,796,047	1.9	429,538,416	92.5	464,912,784	66,630,908	14.3	26,318,900	5.7	116,336,885	25.0	59,249,252	12.7	179,655,011	38.6	16,722,917	3.6

(a) Includes balances with, and cheques in course of collection on, other banks in the United Kingdom. (b) Includes investments in affiliations. (c) Including balances in account with subsidiary banks.

COUTTS AND COMPANY

Year ended Dec. 31	Number of Branches	LIABILITIES					Total Liabilities or Assets	ASSETS									
		Capital and Reserve	Per Cent.	Acceptances	Per Cent.	Deposit and Current Accounts		Cash in Hand and at Bank, etc. (a)	Per Cent.	Cash at Call and Short Notice	Per Cent.	Investments	Per Cent.	Discounts and Advances	Per Cent.	Buildings and Sundries, including Cover for Acceptances	Per Cent.
1926	1,600,000	8.4	265,272	1.4	17,119,599	90.2	18,984,871	2,908,814	15.3	1,548,450	8.1	4,257,807	22.4	9,658,098	51.0	611,702	3.2
1927	2,000,000	10.4	270,456	1.4	16,996,453	88.2	19,266,909	2,730,859	14.2	1,635,950	8.5	4,226,708	21.9	10,030,936	52.1	842,456	4.3
1928	2,000,000	9.9	463,613	2.3	17,715,988	87.8	20,179,601	2,938,070	14.6	1,717,000	8.5	3,774,434	18.7	10,914,484	54.0	835,613	4.2
1929	2,000,000	9.0	400,020	1.8	19,801,165	89.2	22,201,185	3,098,242	14.0	2,103,050	9.5	3,787,454	17.2	12,440,419	56.0	772,020	3.5
1930	2,000,000	9.1	534,018	2.4	19,487,171	88.5	22,021,189	2,941,895	13.4	3,525,920	16.0	3,758,115	17.2	12,440,419	56.0	772,020	3.5
1931	2,000,000	10.2	497,316	2.5	17,030,426	87.3	19,527,742	2,455,055	12.5	2,213,000	11.3	3,901,796	20.0	10,091,075	51.7	1,902,282	4.4
1932	2,000,000	8.8	590,282	2.6	20,084,621	88.6	22,674,883	2,911,156	12.8	1,840,900	8.1	6,082,901	26.8	10,837,864	47.9	1,902,282	4.4
1933	2,000,000	8.5	769,139	3.3	20,512,018	88.1	23,281,205	3,288,189	14.1	1,880,400	8.1	7,334,488	31.4	9,596,939	41.2	1,181,189	5.1
1934	2,000,000	8.6	799,493	3.0	20,741,965	88.5	23,451,468	2,760,659	11.8	2,431,300	10.3	7,870,748	33.6	9,288,289	39.6	1,121,492	4.7
1935	2,000,000	7.8	798,456	3.1	22,751,748	89.1	25,550,204	2,961,532	11.7	2,839,700	11.1	8,519,163	33.4	9,981,353	39.1	1,210,486	4.7
1936	2,000,000	7.6	500,745	1.9	23,864,920	90.5	26,365,665	3,180,455	12.1	1,676,500	6.4	8,925,122	33.8	11,670,844	44.2	912,745	3.5
June 30, 1937	2,000,000	7.4	515,114	1.9	24,451,438	90.7	26,968,552	3,261,681	12.1	1,624,700	6.0	8,904,820	33.1	12,248,437	45.4	927,114	3.4

(a) Includes balances with, and cheques in course of collection on, other banks in the United Kingdom.

DISTRICT BANK LIMITED

Year ended December 31	Number of Branches	LIABILITIES						Total Liabilities or Assets	ASSETS														
		Capital and Re- serves	Per Cent.	Un- divided Profits	Per Cent.	Accept- ances	Per Cent.		Deposit and Current Accounts	Per Cent.	Cash in Hand and at Bank, etc. (a)	Per Cent.	Cash at Call and Short Notice	Per Cent.	Invest- ments	Per Cent.	Bills of Exchange	Per Cent.	Advances	Per Cent.	Buildings and Sundries, including Cover for Accept- ances	Per Cent.	
1926	378	\$ 3,792,000	6.6	471,045	0.8	899,450	1.6	52,321,532	91.0	57,484,027	7,791,947	13.6	4,590,420	8.0	14,544,836	25.3	4,768,582	8.3	24,188,792	42.1	1,599,450	2.8	
1927	382	3,896,000	6.6	431,967	0.7	1,029,527	1.7	53,721,367	91.0	59,078,861	8,246,430	14.0	5,786,620	9.8	14,793,705	25.1	5,146,318	8.8	25,120,401	42.4	1,729,527	2.9	
1928	387	3,896,000	6.6	499,499	0.8	2,464,878	4.2	52,254,949	88.4	59,115,326	8,043,480	13.6	7,724,125	8.0	14,786,680	25.0	5,146,318	8.7	23,249,695	39.9	1,964,878	3.4	
1929	391	4,212,000	7.1	378,825	0.6	2,400,469	4.0	52,240,453	88.2	59,231,747	8,063,750	13.6	8,657,140	6.5	14,827,230	25.0	5,029,978	8.5	23,227,283	41.1	3,123,866	5.4	
1930	396	4,212,000	7.2	390,864	0.7	1,071,945	1.8	52,443,952	90.3	58,118,761	7,849,197	13.5	4,409,670	7.6	16,651,547	28.7	5,029,985	8.7	20,577,119	35.0	3,124,243	5.4	
1931	400	4,212,000	7.4	391,703	0.7	1,796,045	3.2	50,322,361	88.7	56,722,109	7,108,689	12.5	4,274,545	7.5	18,893,206	33.3	3,887,726	6.9	19,952,329	35.2	2,606,634	4.6	
1932	400	4,212,000	6.6	400,516	0.8	1,999,827	3.2	56,829,351	89.6	63,441,694	8,476,689	13.3	5,441,095	8.9	23,565,876	34.3	4,888,484	7.7	17,690,457	27.9	2,839,400	4.5	
1933	400	4,212,000	6.6	411,445	0.8	2,229,159	3.3	53,957,893	84.5	63,820,497	7,708,349	12.1	4,436,950	6.9	23,585,795	36.9	4,189,261	7.1	17,077,971	26.8	6,114,948	9.6	
1934	405	4,212,000	6.7	424,074	0.9	2,376,865	3.5	52,888,706	84.5	62,901,645	7,605,511	12.2	4,408,790	7.0	21,286,507	34.3	6,838,462	10.9	16,613,265	26.2	6,318,822	10.0	
1935	533	5,952,856	7.0	445,168	0.8	2,143,213	3.2	72,984,452	85.3	85,576,689	10,594,439	12.4	4,728,285	5.2	29,417,700	34.3	8,113,319	9.5	24,963,780	29.8	7,759,186	9.1	
1936	555	5,952,856	6.5	450,332	0.8	2,282,046	3.2	78,218,013	81.9	90,937,248	10,972,877	11.9	8,764,818	9.5	29,998,248	32.0	6,533,395	7.1	27,398,273	29.8	8,835,836	9.6	
June 30, 1937	555	5,952,856	6.4	450,332	0.8	2,282,046	3.2	98,734,067	10.7	76,814,158	82.9	92,640,081	10.5	8,764,818	9.5	29,998,248	32.0	6,533,395	7.1	27,398,273	29.8	8,835,836	9.6

(a) Including balances with, and cheques in course of collection on, other banks in Great Britain and Ireland. (b) Included with deposits and other accounts.

MARTINS BANK LIMITED

Year ended December 31	Number of Branches	LIABILITIES						Total Liabilities or Assets	ASSETS													
		Capital and Re- serves	Per Cent.	Un- divi- ded Profits	Per Cent.	Accept- ances, Endorse- ments, etc.	Per Cent.		Deposit and Current Accounts	Per Cent.	Cash in Hand and at Bank, etc. (a)	Per Cent.	Cash at Call and Short Notice	Per Cent.	Invest- ments	Per Cent.	Bills of Ex- change	Per Cent.	Short Loans on Stocks and Ad- vances	Per Cent.	Buildings & Sundries including Cover for Accept- ances	Per Cent.
		£		£		£		£		£		£		£		£		£		£		
1926	389	4,348,890	6.2	294,189	0.4	6,078,122	8.6	59,819,326	84.8	70,540,527	8,046,100	11.4	5,826,728	8.3	9,349,216	13.2	2,981,480	4.2	7,634,066	10.8		
1927	417	4,698,890	6.3	298,731	0.4	6,389,255	8.6	62,890,872	84.7	74,277,748	9,976,920	13.4	6,679,533	9.0	10,421,736	14.0	2,646,294	3.6	7,980,294	10.7		
1928	560	7,617,914	7.5	445,915	0.4	10,949,041	10.7	82,932,881	81.4	101,962,502	12,116,604	11.9	5,420,745	5.3	25,104,768	24.6	3,702,147	3.6	42,600,479	41.8	13,017,759	12.8
1929	564	7,667,914	7.8	464,935	0.4	7,184,161	7.4	82,620,484	84.1	97,953,529	13,309,171	13.6	6,278,861	6.4	17,868,268	18.2	2,232,087	2.3	43,942,731	42.8	5,382,811	5.2
1930	571	7,667,914	8.0	442,879	0.5	5,599,786	6.1	78,562,604	85.1	92,289,957	11,969,514	13.0	6,952,126	7.1	18,877,148	20.2	2,382,145	2.3	43,942,731	42.8	5,382,811	5.2
1931	578	7,667,914	8.0	442,879	0.5	5,599,786	6.1	78,562,604	85.1	92,289,957	11,969,514	13.0	6,952,126	7.1	18,877,148	20.2	2,382,145	2.3	43,942,731	42.8	5,382,811	5.2
1932	585	7,060,042	8.0	422,027	0.5	4,752,518	6.4	88,853,338	87.5	98,121,406	12,566,850	12.8	6,175,814	6.3	30,560,921	31.1	1,050,838	1.0	30,608,895	31.0	7,740,100	7.6
1933	578	7,060,042	8.0	422,027	0.5	4,752,518	6.4	88,853,338	87.5	98,121,406	12,566,850	12.8	6,175,814	6.3	30,560,921	31.1	1,050,838	1.0	30,608,895	31.0	7,740,100	7.6
1934	585	7,160,042	7.6	476,517	0.5	4,714,436	5.0	81,578,545	86.8	93,952,129	12,312,624	13.1	5,291,162	5.6	32,315,941	33.9	95,334,208	5.8	31,472,599	33.1	7,537,592	7.6
1935	585	7,160,042	7.6	476,517	0.5	4,714,436	5.0	81,578,545	86.8	93,952,129	12,312,624	13.1	5,291,162	5.6	32,315,941	33.9	95,334,208	5.8	31,472,599	33.1	7,537,592	7.6
1936	585	7,160,042	7.6	476,517	0.5	4,714,436	5.0	81,578,545	86.8	93,952,129	12,312,624	13.1	5,291,162	5.6	32,315,941	33.9	95,334,208	5.8	31,472,599	33.1	7,537,592	7.6
1937	550	7,260,042	7.5	513,958	0.5	4,693,136	5.0	82,620,484	84.1	97,953,529	13,309,171	13.6	6,278,861	6.4	17,868,268	18.2	2,232,087	2.3	43,942,731	42.8	5,382,811	5.2
1938	550	7,260,042	7.5	513,958	0.5	4,693,136	5.0	82,620,484	84.1	97,953,529	13,309,171	13.6	6,278,861	6.4	17,868,268	18.2	2,232,087	2.3	43,942,731	42.8	5,382,811	5.2
1939	550	7,260,042	7.5	513,958	0.5	4,693,136	5.0	82,620,484	84.1	97,953,529	13,309,171	13.6	6,278,861	6.4	17,868,268	18.2	2,232,087	2.3	43,942,731	42.8	5,382,811	5.2
1940	550	7,260,042	7.5	513,958	0.5	4,693,136	5.0	82,620,484	84.1	97,953,529	13,309,171	13.6	6,278,861	6.4	17,868,268	18.2	2,232,087	2.3	43,942,731	42.8	5,382,811	5.2
1941	550	7,260,042	7.5	513,958	0.5	4,693,136	5.0	82,620,484	84.1	97,953,529	13,309,171	13.6	6,278,861	6.4	17,868,268	18.2	2,232,087	2.3	43,942,731	42.8	5,382,811	5.2
1942	550	7,260,042	7.5	513,958	0.5	4,693,136	5.0	82,620,484	84.1	97,953,529	13,309,171	13.6	6,278,861	6.4	17,868,268	18.2	2,232,087	2.3	43,942,731	42.8	5,382,811	5.2
1943	550	7,260,042	7.5	513,958	0.5	4,693,136	5.0	82,620,484	84.1	97,953,529	13,309,171	13.6	6,278,861	6.4	17,868,268	18.2	2,232,087	2.3	43,942,731	42.8	5,382,811	5.2
1944	550	7,260,042	7.5	513,958	0.5	4,693,136	5.0	82,620,484	84.1	97,953,529	13,309,171	13.6	6,278,861	6.4	17,868,268	18.2	2,232,087	2.3	43,942,731	42.8	5,382,811	5.2
1945	550	7,260,042	7.5	513,958	0.5	4,693,136	5.0	82,620,484	84.1	97,953,529	13,309,171	13.6	6,278,861	6.4	17,868,268	18.2	2,232,087	2.3	43,942,731	42.8	5,382,811	5.2
1946	550	7,260,042	7.5	513,958	0.5	4,693,136	5.0	82,620,484	84.1	97,953,529	13,309,171	13.6	6,278,861	6.4	17,868,268	18.2	2,232,087	2.3	43,942,731	42.8	5,382,811	5.2
1947	550	7,260,042	7.5	513,958	0.5	4,693,136	5.0	82,620,484	84.1	97,953,529	13,309,171	13.6	6,278,861	6.4	17,868,268	18.2	2,232,087	2.3	43,942,731	42.8	5,382,811	5.2
1948	550	7,260,042	7.5	513,958	0.5	4,693,136	5.0	82,620,484	84.1	97,953,529	13,309,171	13.6	6,278,861	6.4	17,868,268	18.2	2,232,087	2.3	43,942,731	42.8	5,382,811	5.2
1949	550	7,260,042	7.5	513,958	0.5	4,693,136	5.0	82,620,484	84.1	97,953,529	13,309,171	13.6	6,278,861	6.4	17,868,268	18.2	2,232,087	2.3	43,942,731	42.8	5,382,811	5.2
1950	550	7,260,042	7.5	513,958	0.5	4,693,136	5.0	82,620,484	84.1	97,953,529	13,309,171	13.6	6,278,861	6.4	17,868,268	18.2	2,232,087	2.3	43,942,731	42.8	5,382,811	5.2
1951	550	7,260,042	7.5	513,958	0.5	4,693,136	5.0	82,620,484	84.1	97,953,529	13,309,171	13.6	6,278,861	6.4	17,868,268	18.2	2,232,087	2.3	43,942,731	42.8	5,382,811	5.2
1952	550	7,260,042	7.5	513,958	0.5	4,693,136	5.0	82,620,484	84.1	97,953,529	13,309,171	13.6	6,278,861	6.4	17,868,268	18.2	2,232,087	2.3	43,942,731	42.8	5,382,811	5.2
1953	550	7,260,042	7.5	513,958	0.5	4,693,136	5.0	82,620,484	84.1	97,953,529	13,309,171	13.6	6,278,861	6.4	17,868,268	18.2	2,232,087	2.3	43,942,731	42.8	5,382,811	5.2
1954	550	7,260,042	7.5	513,958	0.5	4,693,136	5.0	82,620,484	84.1	97,953,529	13,309,171	13.6	6,278,861	6.4	17,868,268	18.2	2,232,087	2.3	43,942,731	42.8	5,382,811	5.2
1955	550	7,260,042	7.5	513,958	0.5	4,693,136	5.0	82,620,484	84.1	97,953,529	13,309,171	13.6	6,278,861	6.4	17,868,268	18.2	2,232,087	2.3	43,942,731	42.8	5,382,811	5.2
1956	550	7,260,042	7.5	513,958	0.5	4,693,136	5.0	82,620,484	84.1	97,953,529	13,309,171	13.6	6,278,861	6.4	17,868,268	18.2	2,232,087	2.3	43,942,731	42.8	5,382,811	5.2
1957	550	7,260,042	7.5	513,958	0.5	4,693,136	5.0	82,620,484	84.1	97,953,529	13,309,171	13.6	6,278,861	6.4	17,868,268	18.2	2,232,087	2.3	43,942,731	42.8	5,382,811	5.2
1958	550	7,260,042	7.5	513,958	0.5	4,693,136	5.0	82,620,484	84.1	97,953,529	13,309,171	13.6	6,278,861	6.4	17,868,268	18.2	2,232,087	2.3	43,942,731	42.8	5,382,811	5.2
1959	550	7,260,042	7.5	513,958	0.5	4,693,136	5.0	82,620,484	84.1	97,953,529	13,309,171	13.6	6,278,861	6.4	17,868,268	18.2	2,232,087	2.3	43,942,731	42.8	5,382,811	5.2
1960	550	7,260,042	7.5	513,958	0.5	4,693,136	5.0	82,620,484	84.1	97,953,529	13,309,171	13.6	6,278,861	6.4	17,868,268	18.2	2,232,087	2.3	43,942,731	42.8	5,382,811	5.2
1961	550	7,260,042	7.5	513,958	0.5	4,693,136	5.0	82,620,484	84.1	97,953,529	13,309,171	13.6	6,278,861	6.4	17,868,268	18.2	2,232,087	2.3	43,942,731	42.8	5,382,811	5.2
1962	550	7,260,042	7.5	513,958	0.5	4,693,136	5.0	82,620,484	84.1	97,953,529	13,309,171	13.6	6,278,861	6.4	17,868,268	18.2	2,232,087	2.3	43,942,731	42.8	5,382,811	5.2
1963	550	7,260,042	7.5	513,958	0.5	4,693,136	5.0	82,620,484	84.1	97,953,529	13,309,171	13.6	6,278,861	6.4	17,868,268	18.2	2,232,087	2.3	43,942,731	42.8	5,382,811	5.2
1964	550	7,260,042	7.5	513,958	0.5	4,693,136	5.0	82,620,484	84.1	97,953,529	13,309,171	13.6	6,278,861	6.4	17,868,268	18.2	2,232,087	2.3	43,942,731	42.8	5,382,811	5.2
1965	550	7,260,042	7.5	513,958	0.5	4,693,136	5.0	82,620,484	84.1	97,953,529	13,309,171	13.6	6,278,861	6.4	17,868,268	18.2	2,232,087	2.3	43,942,731	42.8	5,382,811	5.2
1966	550	7,260,042	7.5	513,958	0.5	4,693,136	5.0	82,620,484	84.1	97,953,529	13,309,171	13.6	6,278,861	6.4	17,868,268	18.2	2,232,087	2.3	43,942,731	42.8	5,382,811	5.2
1967	550	7,260,042	7.5	513,958	0.5	4,693,136	5.0	82,620,484	84.1	97,953,529	13,309,171	13.6	6,278,861	6.4	17,868,268	18.2	2,232,087	2.3	43,942,731	42.8	5,382,811	5.2
1968	550	7,260,042	7.5	513,958	0.5	4,693,136	5.0	82,620,484	84.1	97,953,529	13,309,171	13.6	6,278,861	6.4	17,868,268	18.2	2,232,087	2.3	43,942,731	42.8	5,382,811	5.2
1969	550	7,260,042	7.5	513,958	0.5	4,693,136	5.0	82,620,484	84.1	97,953,529	13,309,171	13.6	6,278,861	6.4	17,868,268	18.2	2,232,087	2.3	43,942,731	42.8	5,382,811	5.2
1970	550	7,260,042	7.5	513,958	0.5	4,693,136	5.0	82,620,484	84.1	97,953,529	13,309,171	13.6	6,278,861	6.4	17,868,268	18.2	2,232,087	2.3	43,942,731	42.8	5,382,811	5.2
1971	550	7,260,042	7.5	513,958	0.5	4,693,136	5.0	82,620,484	84.1	97,953,529	13,309,171	13.6	6,278,861</									

NATIONAL PROVINCIAL BANK, LIMITED

Year ended Dec. 31	Number of Branches	LIABILITIES						Total Liabilities or Assets	ASSETS					
		Capital and Reserves	Per Cent.	Un-divided Profits	Per Cent.	Acceptances	Per Cent.		Cash in Hand and at Bank, etc.	Per Cent.	Cash at Call and Short Notice	Per Cent.	Investments	Per Cent.
1926	1,172	18,958,832	6.6	876,319	0.3	9,166,822	3.2	259,249,807	89.9	288,251,780	37,930,824	13.2	18,769,651	6.5
1927	1,220	18,958,832	6.2	863,476	0.3	12,024,760	3.9	273,597,202	89.6	305,444,270	41,816,515	13.7	21,817,455	7.1
1928	1,262	18,958,832	5.8	865,846	0.3	19,563,740	5.9	290,310,253	88.0	329,686,671	44,170,901	13.7	25,920,942	7.9
1929	1,308	18,958,832	5.2	849,255	0.3	15,174,188	5.0	271,712,337	88.5	306,694,612	41,884,704	13.7	25,920,942	7.9
1930	1,363	18,958,832	5.9	875,810	0.3	10,089,723	3.1	292,379,793	90.8	322,102,162	42,733,078	13.3	20,298,534	6.3
1931	1,371	17,479,416	5.0	804,114	0.3	9,229,529	2.2	261,925,540	90.5	289,438,801	39,047,981	13.5	18,792,624	6.5
1932	1,371	17,479,416	5.5	775,522	0.2	6,205,501	1.2	201,822,928	92.3	313,128,575	43,000,715	13.7	18,167,654	5.8
1933	1,361	17,479,416	5.6	857,033	0.3	6,395,008	1.2	288,397,118	92.1	316,283,267	39,884,401	12.6	17,690,253	5.6
1934	1,350	17,479,416	5.4	878,881	0.3	5,863,022	1.0	297,368,848	92.5	321,500,167	43,000,715	13.7	18,167,654	5.8
1935	1,343	17,479,416	5.3	922,406	0.3	8,519,824	2.6	302,703,843	91.8	329,625,489	41,964,357	12.7	25,580,037	7.8
1936	1,336	17,479,416	5.1	970,667	0.3	8,376,087	2.4	321,157,051	92.3	347,983,222	44,864,137	12.9	29,436,454	7.0
June 30, 1937	1,479	17,479,416	5.2	970,667	0.3	8,901,586	2.6	312,492,318	92.2	338,873,320	42,030,342	12.4	20,703,938	6.1

(a) Includes balances with, and cheques in course of collection on, other banks in the United Kingdom.
(b) Includes investments in affiliations.

WESTMINSTER BANK LIMITED

Year ended Dec. 31	Number of Branches	LIABILITIES										Total Liabilities or Assets	ASSETS									
		Capital and Reserves		Un-divided Profits	Acceptances and Endorsements		Notes*	Deposit and Current Accounts		Cash in Hand and at Bank, etc. (a)	Cash at Call and Short Notice		Investments	Discounts and Advances	Buildings and Sundries, including Cover for Acceptances							
		Per Cent.	Per Cent.		Per Cent.	Per Cent.		Per Cent.	Per Cent.							Per Cent.	Per Cent.					
1926 ...	932	18,640,314	5.9	1,186,660	0.4	11,543,630	3.6	13,728	285,405,068	90.1	316,790,400	42,657,508	13.5	27,370,851	8.6	48,859,390	15.4	182,147,935	57.5	15,754,716	5.0	
1927 ...	956	18,640,314	6.0	1,213,200	0.4	12,572,869	4.0	13,934	280,612,020	89.6	313,052,327	42,727,387	13.6	36,520,212	11.7	43,024,462	13.7	185,723,635	54.5	31,224,444	9.9	
1928 ...	1,009	18,640,314	5.5	1,230,333	0.4	26,538,040	7.8	13,038	294,086,580	86.3	340,508,305	47,313,929	13.6	36,520,212	11.7	43,024,462	13.7	185,723,635	54.5	31,224,444	9.9	
1929 ...	1,050	18,640,314	5.6	1,184,442	0.4	27,599,579	8.3	7,794	285,160,311	85.7	332,592,440	45,980,673	13.8	33,169,823	10.2	41,430,690	12.4	179,851,909	54.1	32,674,683	9.8	
1930 ...	1,075	18,640,314	5.7	1,121,246	0.3	17,814,552	5.4	16,223	291,579,675	88.6	329,172,010	46,009,570	13.9	25,628,294	7.0	40,915,352	12.3	180,710,232	54.6	32,160,602	7.7	
1931 ...	1,083	18,640,314	5.4	1,013,977	0.3	18,561,389	6.0	16,144	272,405,692	88.9	308,817,359	40,857,454	13.2	23,628,294	7.7	34,443,594	10.6	165,572,678	53.6	32,674,683	9.8	
1932 ...	1,073	18,640,314	5.0	1,043,705	0.3	32,327,285	6.6	16,624	298,182,935	88.1	338,390,706	48,360,152	12.2	21,107,807	6.7	54,443,594	16.3	172,893,812	55.6	16,896,400	5.1	
1933 ...	1,072	18,640,314	4.9	1,043,705	0.3	31,847,225	9.2	15,187	294,739,761	85.6	344,465,547	45,024,055	13.1	22,685,851	7.8	54,443,594	16.3	172,893,812	55.6	16,896,400	5.1	
1934 ...	1,062	18,640,314	5.1	1,083,230	0.3	37,377,095	10.3	14,632	305,653,206	84.3	362,768,478	46,407,151	12.8	28,419,892	7.8	54,443,594	16.3	172,893,812	55.6	16,896,400	5.1	
1935 ...	1,090	18,640,314	5.1	1,081,595	0.3	32,460,265	6.2	13,444	322,675,384	88.4	364,871,002	51,555,685	14.2	28,419,892	7.8	54,443,594	16.3	172,893,812	55.6	16,896,400	5.1	
1936 ...	1,090	18,640,314	4.7	1,109,370	0.3	20,556,532	5.0	13,774	367,877,506	90.0	408,197,496	53,291,340	13.0	44,983,298	11.0	51,081,653	29.7	48,275,709	39.8	42,807,179	11.1	
June 30, 1937	1,187	18,640,314	4.6	1,109,370	0.3	22,637,078	5.6	12,173	364,877,077	89.8	406,161,642	51,788,700	12.8	26,457,076	6.5	51,081,653	29.7	48,275,709	39.8	42,807,179	11.1	

* In circulation in the Isle of Man.
(a) Includes balances with, and cheques in course of collection on, other banks in the United Kingdom.
(b) Includes investments in affiliations.

WILLIAMS DEACON'S BANK, LIMITED

Year ended Dec. 31	Number of Branches	LIABILITIES						Total Liabilities or Assets	ASSETS					
		Capital and Reserves	Per Cent.	Un-divided Profits	Per Cent.	Acceptances, etc.	Per Cent.		Cash in Hand and at Bank, etc.	Per Cent.	Cash at Call and Short Notice	Per Cent.	Investments	Per Cent.
1926	193	3,225,000	8.6	173,488	0.5	1,800,918	4.8	32,438,363	86.1	37,637,769	5,461,713	14.6	2,957,233	7.9
1927	198	3,225,000	8.6	155,188	0.4	1,398,259	3.7	32,662,567	87.3	37,436,014	6,093,211	16.9	2,952,915	7.9
1928	200	3,225,000	8.7	156,696	0.4	1,520,117	4.1	32,221,395	86.8	37,123,208	5,219,565	14.1	2,871,374	7.9
1929	200	3,225,000	8.0	151,123	0.4	1,023,094	2.9	31,792,589	88.7	35,842,006	5,208,318	14.5	3,412,190	9.5
1930	202	2,875,000	8.0	144,565	0.4	736,522	2.1	32,009,087	89.5	35,765,174	5,156,125	14.4	2,488,863	7.0
1931	202	2,875,000	8.0	145,405	0.4	1,561,497	4.7	29,045,596	86.9	33,425,488	4,211,102	12.6	3,274,807	9.8
1932	202	2,875,000	7.1	154,035	0.4	1,164,066	3.2	33,812,463	89.4	37,905,564	5,091,067	15.8	4,816,463	12.7
1933	202	2,875,000	6.9	167,654	0.4	2,430,036	6.1	33,498,484	86.5	38,771,174	6,003,885	16.3	5,518,038	14.2
1934	203	2,875,000	6.9	177,459	0.5	2,068,097	5.3	33,742,676	87.3	38,663,432	6,003,721	15.6	5,116,738	15.8
1935	205	2,875,000	6.6	191,622	0.5	2,047,759	5.1	35,429,629	87.8	40,344,008	6,172,435	15.3	7,287,339	18.1
1936	205	2,875,000	6.4	220,882	0.5	1,360,678	3.3	37,577,981	89.8	41,834,541	6,458,137	15.4	5,600,289	13.4
June 30, 1937	2,875,000	6.6	1,369,150	3.4	36,485,482	90.0	40,529,632	6.2	46,458,165	13.2	127,685,841	31.5	13,696,708	33.8

(a) Includes balances with, and cheques in course of collection on, other banks in the United Kingdom.
(b) Includes investments in affiliations.

YORKSHIRE PENNY BANK, LIMITED

December 31	LIABILITIES			ASSETS				
	Capital and Reserves	Deposits and other Accounts, etc.	Uncalled Capital	Cash in Hand, at Bank of England, and at Short Notice	British Govt. Securities	Colonial Govt. and English Corp. Stocks	Loans to Local Authorities	Premises
1922	2,000,000	30,882,289	500,000	8,907,527	17,865,398	631,779	2,359,745	550,000
1923	2,000,000	31,836,494	500,000	8,543,833	20,539,025	321,177	1,894,805	550,000
1924	2,000,000	33,383,919	500,000	9,187,873	21,659,087	289,103	1,829,231	550,000
1925	2,000,000	35,400,246	500,000	9,807,552	23,334,204	280,413	1,261,083	550,000
1926	2,500,000	37,036,692	500,000	9,287,022	25,562,627	105,663	1,051,380	550,000
June 30, 1937	2,500,000	38,005,983	500,000	9,400,512	27,848,170	105,663	2,801,840	550,000

PRIVATE BANKS

HOARE (CHAS.) AND COMPANY

Year ended July 5	LIABILITIES				Total Liabilities or Assets	ASSETS							
	Partners' Capital and Reserves	Per Cent.	Deposit and Current Accounts	Per Cent.		Cash in Hand, at Bank, and at Call and Short Notice	Per Cent.	British Government Securities	Per Cent.	Other Securities and Investments	Per Cent.	Discounts and Advances	Per Cent.
1927	500,000	14.1	3,051,358	85.9	3,551,358	1,051,250	29.6	1,006,750	28.3	377,482	10.6	1,015,876	28.7
1928	500,000	13.9	3,093,254	86.1	3,593,254	1,097,214	30.5	972,632	32.5	258,746	7.2	1,164,662	32.4
1929	500,000	14.3	2,994,121	85.7	3,494,121	1,018,670	29.1	985,521	28.5	181,001	5.2	1,198,929	34.3
1930	500,000	15.5	2,718,857	84.5	3,218,857	720,808	22.4	850,004	26.4	186,457	5.8	1,361,588	42.3
1931	500,000	15.9	2,629,718	84.1	3,129,718	825,480	26.4	647,550	20.7	121,778	3.9	1,434,910	45.8
1932	500,000	16.9	2,463,639	83.1	2,963,639	858,682	28.9	588,850	19.9	162,688	5.5	1,233,418	42.3
1933	500,000	16.9	2,463,639	83.1	2,963,639	1,178,450	28.9	894,483	21.9	271,719	6.4	1,646,645	40.2
1934	500,000	12.2	3,592,297	87.8	4,092,297	1,022,367	27.1	1,159,200	30.6	205,741	5.4	1,301,637	34.3
1935	500,000	11.9	3,711,318	88.1	4,211,318	1,122,347	26.7	1,341,088	31.8	200,467	4.8	1,447,418	34.3
1936	500,000	11.4	3,853,504	88.6	4,353,504	1,176,466	27.0	1,291,210	29.6	261,397	6.1	1,524,432	35.0
1937	500,000	11.9	3,686,793	88.1	4,186,793	977,761	23.3	832,950	19.9	451,169	10.8	1,824,914	43.6

LONDON DISCOUNT COMPANIES

GILLET BROTHERS DISCOUNT COMPANY, LIMITED

January 31	LIABILITIES		ASSETS			
	Capital and Reserves	Deposits, Loans, Rediscunts, and Sundry Accounts	Cash at Bankers and in Hand	British, Indian, and Dominion Govt. Securities *and Brit. Corp. Stock	Bills discounted including Rediscunts	Loans on Security and Sundry Accounts
1933	320,000	11,940,718	152,430	1,026,500	10,863,456	218,332
1934	325,000	12,021,123	152,264	1,341,500	10,578,041	274,318
1935	325,000	11,339,236	211,821	2,200,000*	8,741,218	511,197
1936	345,000	12,666,512	228,985	1,425,000	11,004,566	352,962
1937	345,000	12,361,148	219,874	1,600,000	10,276,116	610,158

FOREIGN BANKS HAVING LONDON OFFICES AND BRITISH BANKS TRADING ABROAD

ANGLO-CZECHOSLOVAK AND PRAGUE CREDIT BANK

Dec. 31	LIABILITIES				
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BANCA COMMERCIALE ITALIANA

The net profit for the year ended December 31, 1936, was 18,271,444 lire.

LIABILITIES										ASSETS									
Dec. 31	Capital and Reserves	Bills Payable	Commercial Acceptances	Deposits and Current Accounts	Guarantees	Rebate on Bills	Securities Deposited	Cash in Hand	Bills Receivable, Govt. Securities and Money at Call	Contango and Loans	Participations in Affiliated Banks	Govt. Securities and Other Bonds and Shares	Current Accounts						
1932	1,280,000,000	184,213,757	181,884,667	7,677,870,399	799,953,158	49,883,584	8,910,970,387	510,109,367	5,018,838,898	118,303,585	238,920,390	409,896,132	3,029,104,081						
1933	840,000,000	172,240,584	174,793,458	8,049,288,536	434,483,812	23,697,227	8,270,076,847	531,044,752	5,359,759,801	129,977,320	279,130,867	243,660,257	2,675,795,818						
1934	844,244,493	159,587,424	191,581,548	7,840,409,929	293,125,070	4,213,065	8,936,653,558	460,641,281	5,164,448,633	132,843,392	254,465,901	180,379,252	2,601,139,646						
1935	844,785,576	199,914,293	24,329,912	6,960,026,565	207,295,021	7,293,737	7,991,987,675	564,779,826	4,857,177,195	118,296,284	252,892,498	182,647,964	2,288,101,499						
1936	845,769,054	206,239,123	29,484,672	6,900,421,209	199,189,203	5,393,536	8,832,915,038	640,014,933	4,688,231,753	93,402,047	251,794,095	128,733,052	2,044,889,931						

ANGLO-PORTUGUESE COLONIAL AND OVERSEAS BANK, LIMITED

The report of the directors for the year ended January 31, 1937, states that the net profits, after making provision for bad and doubtful debts and income tax, amount to £17,223, which, with the balance of £82,281 brought forward from last year, make a total of £99,504: of this it is proposed to place £50,000 to the credit of a reserve fund, and to carry forward the balance of £49,505.

LIABILITIES					ASSETS				
January 31	Capital	Current, Deposit and Other Accounts	Acceptances and Confirmed Credits	Cash in Hand and at Call	Balances with Banks abroad	Bills discounted	Investments	Advances, etc.	Banco Nacional Ultramarino, Lisbon and Branches, Accounts
1933	1,000,000	562,191	294,472	254,782	120,608	291,409	412,785	170,549	241,819
1934	1,000,000	664,567	390,818	278,321	164,898	373,539	393,598	197,325	208,774
1935	1,000,000	734,661	632,684	350,999	175,007	444,799	365,175	234,631	134,275
1936	1,000,000	838,995	535,822	379,349	202,048	691,770	234,018	235,425	83,668
1937	1,000,000	885,217	787,696	378,528	62,854	712,590	277,932	399,069	158,749

BANKERS' TRUST COMPANY, NEW YORK

LIABILITIES					ASSETS									
December 31	Capital and Surplus Fund	Un- divided Profits	Con- tingency Fund	Deposits	Out- standing and Certified Cheques	Out- standing Acceptances	Cash in Hand and at Banks	Ex- changes for Clearing House	U.S. Govt. Securities	Demand Loans	Time Loans and Discounts	Securities and Investments	Custom- ers' Liability on Ac- ceptances	Premises
1932	75,000,000	27,136,109	5,000,000	604,433,690	17,433,751	30,380,065	80,823,087	23,209,655	319,300,000	62,025,213	176,973,399	39,967,601	29,428,022	26,465,189
1933	75,000,000	10,030,599	15,849,892	595,278,582	16,447,172	16,172,954	111,724,952	26,901,289	242,478,351	66,367,060	205,717,183	44,207,626	14,955,865	20,682,195
1934	75,000,000	12,018,798	16,922,710	661,365,212	21,822,819	6,803,883	189,202,302	55,875,115	437,811,800	49,922,008	183,182,634	50,367,524	5,937,672	20,453,109
1935	75,000,000	18,386,035	13,968,038	890,783,720	49,592,323	4,193,581	190,298,399	62,091,696	458,595,209	80,794,858	159,125,324	55,426,410	3,765,941	20,115,982
1936	75,000,000	23,937,771	8,200,000	910,920,321	42,700,840	8,273,253	225,816,844	59,575,789	448,676,818	76,987,807	176,958,446	80,075,920	8,961,325	19,822,258
June, 1937	75,000,000	25,366,182	5,500,000	907,490,342	37,688,083	4,608,846	269,118,787	53,841,631	401,066,209	70,215,692	196,437,269	98,741,581	4,467,296	19,673,530

BANK OF AMERICA

N.T. & S.A.

LIABILITIES					ASSETS									
December 31	Capital, Surplus and Profit and Reserves	Liabilities for Letters of Credit, Acceptances, etc.	Deposits	Circulation	Rediscount and Bills Payable	Cash and due from Banks	Investments and Securities	Stock in Federal Reserve Bank	Loans, Discounts and Bankers' Acceptances	Premises, etc.				
1932	107,388,891	11,096,808	700,447,811	45,500,000	11,675,839	64,297,317	280,252,550	2,700,000	480,675,374	41,777,824				
1933	112,357,400	20,992,019	826,051,868	45,500,000	...	106,488,147	334,346,029	2,700,000	483,676,945	30,014,219				
1934	105,977,315	17,554,907	997,895,995	45,500,000	...	130,945,752	485,160,617	2,700,000	472,382,853	37,806,115				
1935	104,107,653	18,046,264	1,155,265,465	...	...	134,889,706	620,219,559	2,475,000	451,006,354	35,394,078				
1936	108,139,177	23,221,264	1,298,978,759	...	...	204,171,712	623,304,982	2,505,000	532,076,966	34,759,618				

* Includes figures of Bank of America State Bank.

† Includes investments in Federal Deposit Insurance Corporation.

BANCO DE BILBAO

LIABILITIES					ASSETS									
December 31	Capital and Reserves	Deposits	Bills Payable	Acceptances for account of Customers, etc.	Sundry Creditors	Securities Deposited	Cash in Hand and at Other Banks	Bills Receivable	Govt. and other Securities	Advances on Security and Sundry Debtors	Banking Correspondents, etc.	Unissued Shares	Premises	
1931	183,305,513	809,908,235	19,063,717	5,492,448	77,650,274	3,179,933,511	193,731,140	89,703,100	441,451,852	78,728,485	136,948,983	25,000,000	19,974,502	
1932	186,679,449	859,787,987	20,699,207	5,911,238	127,975,914	2,978,170,527	110,651,192	436,634,644	85,259,262	133,015,511	25,000,000	21,217,751		
1933	187,652,774	910,620,132	25,733,353	62,188,534	12,188,359	3,020,435,006	236,749,811	96,375,816	444,942,997	96,011,999	172,925,043	25,000,000	19,974,501	
1934	187,652,774	894,194,502	26,871,700	81,409,445	18,362,538	3,104,414,830	219,174,434	96,381,786	483,770,979	122,385,999	126,562,473	25,000,000	21,490,873	
1935	175,000,000	872,522,897	35,814,026	29,444,565	15,377,037	3,170,427,201	232,835,780	91,447,821	501,108,551	134,337,201	87,255,390	25,000,000	21,490,873	
June 30, 1936	175,000,000	853,470,601	37,073,113	15,691,413	15,983,011	3,132,465,580	192,992,042	90,991,580	498,195,999	144,681,164	76,519,428	25,000,000	21,490,873	

BANK OF ATHENS

The report of the directors for the year ended December 31, 1936, states that net profits, after making the necessary provisions for amortisation, general expenses, taxes, installations and repairs to premises, and the payment of Drs. 2,902,824 into the staff pension fund, amount to Drs. 21,116,510. It was proposed to declare a dividend of Drs. 12 per share, and to carry forward the balance of Drs. 5,195,366.

LIABILITIES					ASSETS									
December 31	Capital and Reserves	Sight Deposits	Fixed Deposits	Deposits in Guarantee	Savings Bank	Current Accounts	Cheques Payable	Cash in Hand, at Bank and Treasury Bills	Due from Banks Abroad	Bills Receivable	Loans, Advances, Discounts, etc.	Current Accounts	Securities	
1932	176,000,000	682,422,518	572,272,375	28,951,208	514,337,718	892,344,515	Dr.	Dr.	Dr.	Dr.	Dr.	Dr.	Dr.	
1933	176,000,000	857,484,756	558,469,769	37,336,865	653,101,421	804,859,734	Dr.	Dr.	Dr.	Dr.	Dr.	Dr.	Dr.	
1934	176,000,000	900,419,519	529,680,677	40,367,579	713,525,171	282,912,596	Dr.	Dr.	Dr.	Dr.	Dr.	Dr.	Dr.	
1935	176,000,000	878,179,945	450,565,388	38,321,310	682,618,617	289,308,834	Dr.	Dr.	Dr.	Dr.	Dr.	Dr.	Dr.	
1936	176,000,000	879,777,476	439,856,921	41,611,668	742,908,968	280,063,182	Dr.	Dr.	Dr.	Dr.	Dr.	Dr.	Dr.	

BANCO DI ROMA

The net profits for the year 1935 were 5,139,040 lire.

LIABILITIES										ASSETS					
December 31	Capital and Reserves	Deposits on Current and Savings Accounts	Balances Due to Correspondents	Circular Cheques	Acceptances on behalf of Customers	Guarantees for Third Parties	Sundry Deposits	Cash in Hand and with Banks	Portfolio Treasury Bills, and Sight Funds	Balances Due by Correspondents	Secured Advances	Investments	Securities on Deposit		
1931	259,000,000	422,870,237	1,692,201,345	84,206,639	58,604,299	105,193,665	1,104,761,871	479,981,284	768,946,737	578,855,934	110,832,794	225,641,725	109,106,700		
1932	262,000,000	441,259,451	1,772,517,955	87,267,030	68,659,099	92,354,927	1,261,534,378	510,316,868	712,291,378	692,025,639	113,443,516	237,085,663	126,591,100		
1933	240,000,000	611,777,776	1,833,605,306	98,934,020	60,717,051	75,334,695	1,943,010,322	434,170,948	1102,289,999	694,962,819	211,868,937	126,012,122	139,156,500		
1934	241,280,840	688,274,377	1,766,815,436	95,254,530	69,186,774	102,095,859	2,722,524,207	421,615,788	1103,501,527	774,292,691	277,425,699	106,135,451	154,839,500		
1935	242,280,840	665,129,453	1,843,532,080	108,099,152	7,156,290	108,431,121	3,415,778,790	461,127,147	1204,025,367	708,364,073	233,468,454	107,654,456	164,938,500		
1936	243,280,840	982,348,883	2,245,674,372	141,801,118	6,775,693	172,003,824	2,987,658,127	535,213,984	1471,052,781	1012,400,505	260,547,068	147,143,020	127,254,500		

BANK OF LONDON AND SOUTH AMERICA, LIMITED

The profit for the year ended September 30, 1936, after deducting all expenses and charges, and after providing for bad and doubtful debts and legal reserves in South America, amounts to £252,851. To this sum has to be added £167,274 brought forward from last year, making a total of £420,025. From this unappropriated balance the directors recommend the following

distribution:—To dividend of 3 per cent., payable December 22, 1936, subject to income tax, £106,200; to writing off special legal and other expenses incurred during the year £25,000; to contingency reserve, £120,000; to profit and loss carried forward, £168,925. During the year the bank has taken over the business of the Anglo-South American Bank. The issued capital has been increased to £4,040,000.

unappropriated balance into income.

LIABILITIES						ASSETS			
September 30	Capital and Reserves	Current and Deposit Accounts, and Contingency Reserve	Bills Payable	Acceptances on behalf of Customers	Bills for Collection on account of Customers	Cash in Hand, at Bankers, and at Call	Bills Receivable	Advances Securities, etc.	Premises
	£	£	£	£	£	£	£	£	£
1932	5,040,000	41,368,197	629,982	1,152,747	7,823,294	17,069,414	10,354,868	18,304,984	1,980,589
1933	5,040,000	42,738,822	474,383	1,353,840	7,546,067	17,541,304	9,227,403	20,187,013	1,961,868
1934	5,040,000	31,362,686	625,476	1,611,076	7,624,610	9,632,729	6,661,702	19,362,385	1,936,000
1935	5,540,000	28,288,764	660,544	1,719,341	6,350,249	7,144,293	6,025,981	19,862,878	1,913,705
1936	6,040,080	55,403,372	1,167,703	2,604,644	8,952,716	13,520,531	10,118,302	35,075,487	2,852,908

THE BANK OF ROUMANIA, LIMITED

The report for the year 1936 states that the balance of earnings in Roumania, namely, £11,739, cannot be remitted and has therefore been added to the provision for bad and doubtful accounts in Roumania. On the other hand, sterling expenses, covering London office, directors' fees and payments on account of the Bucharest branch exceed earnings by £3,459, which has been covered by a transfer from sterling reserve for doubtful debts, contingencies, etc.

December 31	LIABILITIES				ASSETS						
	Capital and Reserves	Current Accounts, etc.	Guarantees, etc., for Account of Customers	Subsidiary Companies' Current Accounts	Cash in Hand and at Bankers	Balances with Banks Abroad	Money at Call and Short Notice in London	British Treasury Bills	Investments	Bills Receivable, Loans, Current and Other Accounts	Property Account
1932	£ 300,000	£ 844,288	£ 44,477	£ 5,449	£ 258,284	£ 44,934	£ 285,000	£ 100,000	£ 25,985	£ 430,363	£ 4,369
1933	300,000	872,383	77,050	7,799	280,282	21,080	30,000	250,000	26,688	481,438	4,311
1934	300,000	1,415,071	87,122	3,051	791,739	10,259	125,000	250,000	31,823	482,802	17,258
1935	300,000	1,248,401	82,838	3,956	436,806	7,416	25,000	•	386,818	685,141	17,633
1936	300,000	936,972	97,533	13,222	200,303	9,329	245,000	•	224,817	546,272	12,731

* Not shown separately.

THE BRITISH BANK FOR FOREIGN TRADE, LIMITED

The directors' report for the year ended April 30, 1936, shows a loss, after charging the sums shown to the debit of the profit and loss account, of £4,773, to which is added the debit brought forward from the previous year of £67,496, making a total of £72,269.

April 30	LIABILITIES				ASSETS						
	Capital	Current Deposit and Other Accounts	Investment Depreciation Reserve		Cash in Hand, at Bankers in London and Abroad	Investments	Loans and Advances	Subsidiary Company	Profit and Loss Account	Premises	
1932	£ 351,600	£ 271,785	£ 85,530		£ 659	£ 395,737	£ 181,378	£ 71,075	£ 35,486	£ 46,000	
1933	351,600	276,837	85,433		59	395,319	157,829	70,813	44,050	46,000	
1934	351,600	253,506	85,433		358	392,314	123,857	69,665	58,245	46,000	
1935	351,600	236,391	86,049		384	392,195	89,031	68,934	67,496	46,000	
1936	351,600	225,674	19,680		599	391,830	86,255	•	72,269	46,000	

THE BANK OF TAIWAN, LIMITED

Dec.	LIABILITIES						ASSETS							
	Capital and Reserves	Notes in Circulation	Deposits, etc.	Bills Payable	Bills Rediscounted	Acceptances and Guarantees, etc.	Due to Correspondents	Cash in Hand and at Banks	Bullion	Discounts, Loans, etc.	Interest Bills Bought and Export Advances	Government Bonds, etc.	Due from Correspondents	Premises and Estate
1932	Yen 18,744,000	Yen 52,628,450	Yen 239,282,364	Yen 38,074,998	Yen 86,909,635	Yen 6,096,188	Yen 4,600,253	Yen 22,364,844	Yen 20,091,388	Yen 245,893,428	Yen 69,233,258	Yen 89,162,880	Yen 2,071,952	Yen 8,154,304
1933	17,354,000	48,993,959	256,576,207	43,995,281	49,615,985	4,324,724	3,014,182	18,437,511	20,161,352	228,380,415	53,623,425	90,635,549	1,946,591	6,988,874
1934	18,104,000	62,633,877	284,470,799	36,050,000	35,725,308	4,326,675	2,638,177	16,282,787	19,857,496	212,951,387	71,427,871	89,055,178	2,191,499	4,782,999
1935	19,004,000	70,190,978	255,768,541	49,611,280	11,768,647	6,316,551	1,957,809	12,162,958	15,469,218	212,765,357	59,572,815	100,094,832	1,665,043	4,836,991
1936	20,100,000	79,137,775	268,870,856	85,373,514	8,499,535	5,533,928	2,352,142	11,034,072	14,893,519	217,428,384	88,967,977	122,434,197	1,518,039	5,324,786

BRITISH AND CONTINENTAL BANKING COMPANY LIMITED

The report of the directors for the year ended September 30, 1936, shows a net profit of £12,157, to which must be added the balance brought forward from last year £1,986, making an available total of £14,142. The directors propose to appropriate this balance as follows: Payment of a dividend of 4 per cent., free of tax, on December 31, 1936, £4,000; to be placed to reserve (thus increased to £100,000), £7,500; to be carried forward, £2,642—£14,142.

September 30	LIABILITIES				ASSETS					
	Capital and Reserves	Current Accounts	Deposit and Other Accounts, etc.	Acceptances and Endorsements	Cash in Hand, at Bankers and at Call	British Treasury Bills and Government Bonds	Other Bills	Investments	Deposits in London and Paris, Advances, Guarantees, etc.	
1932	£ 410,005	£ 280,038	£ 186,897	£ ...	£ 241,877	£ 120,310	£ 197,284	£ 307	£ 317,592	
1933	165,000*	214,332	405,343	...	130,771	154,231	225,514	109,289	164,890	
1934	175,000	164,491	403,135	133,835	156,436	45,371	249,755	184,212	106,852	
1935	185,000	119,247	471,188	80,467	180,827	35,000	199,689	159,597	200,315	
1936	192,500	517,556	601,305	50,000	511,281	80,000	341,616	100,209	308,374	

* After cash repayment of £250,000.

BANQUE COMMERCIALE DU CONGO

The report of the board of directors for the year 1935-36 announces a net profit of Frs. 2,391,297, out of which a dividend of 8 per cent. free of tax, has been paid. Frs. 250,000 have been allotted to the reserve, and Frs. 5,718 are carried forward. Owing to a change in the presentation of the balance sheet, the figures for 1935-36, below, are only approximately comparable with those of previous years.

June 30	LIABILITIES						ASSETS							
	Capital and Reserves	Dividend Due	Sundry Creditors	Advances against Securities	Bills Payable	Sundry Accounts	Cash in Hand and at Bank	Government Securities	Sundry Debtors	Bills Receivable	Investments	Sundry Accounts	Debtors for Acceptances	
1932 ...	Frs 40,500,000	Frs 2,408,689	Frs 176,703,304	Frs 270,696	Frs 8,331,324	Frs ...	Frs 19,081,002	Frs 149,214,521	Frs 42,150,463	Frs 3,537,373	Frs 10,488,401	Frs ...	Frs ...	
1933 ...	41,000,000	2,108,484	247,697,584	265,446	1,867,729	8,972,950	14,477,632	231,525,925	33,162,434	2,804,800	10,803,722	23,097	11,912	
1934 ...	41,500,000	2,108,484	207,757,124	265,446	1,249,908	3,176,794	11,830,639	195,887,411	29,158,447	5,733,277	8,996,768	54,982	1,238,359	
1935 ...	38,000,000	2,100,347	107,969,940	361,500	1,905,369	1,680,361	28,727,663	84,806,315	25,592,008	6,326,877	•	45,937	•	
1936 ...	36,000,000	2,391,297	201,788,409	•	71,134	2,765,841	8,408,842	124,201,787	18,218,490	90,212,674	•	13,176	•	

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Established 1902

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EVERY BANKING FACILITY FOR BUSINESS WITH PALESTINE

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(Incorporated by Royal Charter 1835.)

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West End Branch: 17 NORTHUMBERLAND AVENUE, W.C.2.

Paid-up Capital	£4,500,000
Reserve Fund	2,475,000
Currency Reserve	2,000,000
Reserve Liability of Proprietors under the Charter	4,500,000
	£13,475,000

DIRECTORS:

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BOARD OF DIRECTORS:

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SPOT AND FORWARD FOREIGN EXCHANGE TRANSACTIONS, ETC.CORRESPONDENTS THROUGHOUT THE WORLD
AGENTS IN THE UNITED KINGDOM FOR THE BELGIAN POSTAL CHEQUE SERVICE

BANQUE DU CONGO BELGE

The report of the directors for the year 1935-36 shows a net profit of Frs. 6,539,748. This permits the increase of the dividend from 10 to 11 per cent.* The reserves are increased by Frs. 500,000, and Frs. 2,661,762 go to the Trésor Colonial.

LIABILITIES								ASSETS							
June 30	Capital and Reserves	Notes	Due to Colonial Treasury	Dividend Due	Creditors	Bills Payable	Sundry Accounts	Cash in Hand and at Bank	Gold and Gold Exchange	Government Securities	Bills Receivable	Sundry Debtors	Sundry Accounts	Property, Premises, Furniture, etc.	
	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	
1932	58,300,000	196,307,886	2,048,248	2,409,639	557,252,866	12,478,029		283,142,420	81,046,804	212,724,148	104,269,389	78,129,711	...	9,500,000	
1933	58,600,000	116,044,336	2,118,723	2,409,639	553,690,105	11,766,575	3,655,629	405,569,314	81,784,212	139,953,968	74,725,824	53,370,143	3,387,988	9,500,000	
1934	59,000,000	110,984,588	2,233,192	2,409,639	500,033,312	8,047,355	2,825,247	345,885,557	81,784,212	139,904,834	82,613,822	52,002,902	3,647,563	9,000,000	
1935	59,500,000	116,920,015	2,352,464	2,409,639	543,801,619	14,425,155	27,650,821	413,967,288	85,825,248	52,792,871	145,238,481	58,784,585	1,487,444	9,000,000	
1936	60,000,000	257,214,806	2,661,762	2,650,602	513,213,235	16,571,169	4,356,910	294,896,245	130,860,248	118,713,691	147,477,374	151,627,251	6,808,181	8,500,000	

* Free of tax.

BRITISH OVERSEAS BANK, LIMITED

The directors' report states that the profit, after allowing rebate of interest and providing for all bad and doubtful debts (other than provided for out of contingencies account), for the year ended October 31, 1936, amounts to £62,376; balance available from last account, £66,770, making a total of £129,146.

which has been appropriated as follows: In payment of a dividend on the "A" ordinary shares at the rate of 6 per cent. per annum (less income tax) for the year ended October 31, 1936, which together with income tax thereon amounts to £60,000, leaving a net balance to be carried forward to next year of £69,146.

LIABILITIES				ASSETS							
October 31	Capital and Reserves	Current Deposit and other Accounts	Acceptances, etc.	Cash in Hand and at Bankers	Money at Call and Short Notice	Balances with Bankers Abroad	Bills Discounted	Government Securities	Investments	Advances, etc.	Owed by Subsidiary Companies
1932	£ 2,175,000	£ 2,531,990	£ 3,448,932	£ 252,400	£ 595,792	£ 192,830	£ 647,496	£ 450,467	£ 563,109	£ 1,584,242	£ 136,129
1933	2,250,000	2,599,182	2,988,843	216,838	685,576	150,442	662,732	398,771	570,808	1,840,098	136,129
1934	2,250,000	2,964,622	3,121,136	229,368	945,966	145,423	498,095	379,936	515,849	2,024,740	142,027
1935	2,250,000	2,638,403	2,988,526	247,417	869,329	208,471	553,525	370,629	587,013	1,782,860	14,715
1936	2,250,000	3,982,509	4,078,265	255,894	1,259,943	456,753	773,462	446,345	594,389	1,956,870	33,485

CITY BANK FARMERS TRUST COMPANY

LIABILITIES					ASSETS						
Dec. 31	Capital and Surplus	Undivided Profits	Reserves	Deposits	Cash and Due from Banks and Bankers	Loans and other Secured Advances	U.S. Government Obligations (Direct or Fully Guaranteed)	Other Bonds Mortgages and Securities	Stock in Federal Reserve Bank	Bank Premises	Other Assets
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1932	20,000,000	1,797,536	143,502	50,752,702	25,748,422	8,284,599	14,636,172	15,803,696	...	5,563,390	2,657,491
1933	20,000,000	1,748,152	176,799	47,399,612	15,129,969	21,699,349	8,079,696	16,383,178	...	5,414,092	2,618,279
1934	20,000,000	2,223,691	279,955	45,656,182	14,957,414	12,913,684	17,894,870	14,643,070	600,000	4,728,509	2,424,281
1935	20,000,000	2,805,961	1,057,513	87,526,709	36,275,953	9,409,432	39,771,668	18,573,843	600,000	4,577,240	2,185,045
1936	20,000,000	3,435,194	2,237,917	106,445,371	48,200,130	7,708,245	32,304,003	18,681,002	600,000	4,427,672	2,785,780

THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK

The directors report that there has been an increase of \$4,566,917 in the undivided profits account during the year ended December 31, 1936, as shown herewith:—Undivided profits January 1, 1936, \$21,897,329; add earnings for 1936, \$17,264,566; totalling \$39,161,896; less dividends paid during 1936, \$11,947,649; transferred to surplus \$750,000, making the undivided profits at December 31, 1936, \$28,464,247.

LIABILITIES							ASSETS						
Dec. 31	Capital and Reserves	Deposits	Certified and Cashier's Cheques	Circulating Notes	Acceptances	Liability for Acceptances and Foreign Bills	Cash and Due from Banks	Securities and Investments	Loans, Discounts and Bankers' Acceptances	Real Estate	Mortgages	Customers' Acceptance Liability	Other Assets
1932	\$ 278,767,730	\$ 1,466,038,619	\$..	\$..	\$ 89,507,435	\$ 1,217,624	\$ 20,758,974	\$ 391,297,428	\$ 446,701,815	\$ 887,187,429	\$ 32,718,426	\$..	\$ 85,812,421
1933	213,893,363	1,339,699,324	25,640,125	18,120,000	99,716,312	389,045	18,780,134	304,790,578	454,572,716	795,192,027	42,872,453	...	94,506,175
1934	238,896,119	1,636,066,387	70,705,988	...	48,836,820	408,055	6,117,478	514,781,534	734,634,393	651,069,766	41,370,414	4,055,282	41,436,542
1935	241,858,177	2,075,121,091	...	...	20,518,920	7,771,009	5,279,997	855,637,783	775,522,673	638,002,317	43,047,736	2,550,793	18,674,106
1936	243,248,456	2,296,209,092	...	...	17,360,230	8,174,216	7,190,078	669,417,960	103,671,025	772,031,008	41,478,686	10,981,010	18,198,897
June 1937	248,048,556	2,136,387,409	...	...	28,401,310	8,262,301	5,454,848	685,719,656	838,577,419	809,978,015	42,908,331	11,965,270	25,080,275

THOS. COOK AND SON (BANKERS), LIMITED

LIABILITIES					ASSETS							
October 31	Capital and Reserves	Current Deposit and other Accounts, etc.	Balances due to Subsidiary Companies	Liability to Customers on account of Engagements, etc.	Cash in Hand and with Bankers on Account	Deposits with Bankers	Currencies in Hand	Remittances in Transit	Money at Call and Short Notice	Discounts	Investments	Advances
1932	£ 250,000	£ 2,974,165	£ 4,708	£ 17,221	£ 603,051	£ 885,732	£ 25,663	£ 290,186	£ 295,000	£ 331,763	£ 519,039	£ 216,876
1933	250,000	2,904,761	36,184	14,661	599,813	1,207,900	29,332	129,651	185,000	341,457	494,300	148,076
1934	250,000	3,182,993	55,201	14,394	416,253	1,736,750	25,715	134,154	180,000	165,664	571,460	160,408
1935	250,000	3,241,664	68,048	16,699	613,978	1,784,182	27,309	162,121	95,000	102,696	506,530	209,510
1936	250,000	3,018,801	40,845	24,964	707,411	1,953,124	28,266	210,740	435,000	10,134	622,829	288,272

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'Phone: Budapest Automat 1-825-18

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Estd. 1872

Limited

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THE RIGHT HON. LORD BALFOUR OF BURLEIGH (DEPUTY CHAIRMAN)

THE RIGHT HON. VISCOUNT HAMPDEN, G.C.V.O., K.C.B., C.M.G.

SYDNEY PARKES, ESQ.

RICHARD DURANT TROTTER, ESQ.

ARTHUR WILLIS, ESQ.

Advisory Director in New Zealand: Sir James Grose

HEAD OFFICE: 8 MOORGATE, LONDON, E.C.2

Manager: A. O. Norwood

Secretary: J. H. Lawrie

CHIEF OFFICE IN NEW ZEALAND: WELLINGTON

General Manager: P. R. M. Hanna

Assistant General Manager: G. G. Littlejohn

Subscribed Capital - £6,000,000

Paid-up Capital - £2,000,000

Reserve Fund - £1,000,000

Currency Reserve - £500,000

The Bank conducts every description of banking business connected with New Zealand.

English, Scottish & Australian
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Head Office: 5 GRACECHURCH ST., E.C.3
and 383 Branches and Agencies throughout Australia.

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Paid-up Capital - £3,000,000
Further Liability of Proprietors £2,000,000
Reserve Fund - £1,680,000
Special Currency Reserve - £1,585,000

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ANDREW WILLIAMSON, Esq., Chairman.

C. L. BAILLIEU, Esq., C.M.G.

LORD HUNSDON.

E. M. JANION, Esq.

SIR GEORGE SCHUSTER,

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SIR FREDERICK W. YOUNG.

Manager & Secretary—A. A. SHIPSTON.

Asst. Mgr.—F. C. HOUNSFIELD Sub-Mgr.—H. L. BALDING.

Accountant—R. J. ALLEN.

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COMPTOIR NATIONAL D'ESCOMPTE DE PARIS

The report of the directors for the year ended December 31, 1936, shows that net profit, after the necessary reductions for expenses, taxes, and other charges, amounts to Frs. 34,818,957. A dividend was announced of Frs. 40 for each share, and Frs. 6.21 for each founders' share. This leaves Frs. 51,386, which increases the amount carried forward into the shareholders' account to Frs. 6,566,757.

LIABILITIES					ASSETS									
Dec. 31	Capital and Reserves	Current and Deposit Accounts	Fixed Deposits	Acceptances	Cash in Hand and at Banks	Discounts and French Treasury Bills	Loans and Advances	Current Accounts	Branches Abroad	Investments	Credit Balances with Correspondents	Sundry Accounts		
1932	835,951,968	9,055,428,638	47,930,890	69,901,222	1,537,722,465	5,999,200,094	294,227,118	1,284,774,170	29,301,183	Fr.	Fr.	Fr.		
1933	837,844,517	7,834,497,008	35,765,840	47,412,213	1,432,127,402	4,724,723,334	316,063,860	1,342,204,472	48,511,933	13,190,898	880,378,755	18,783,772		
1934	839,872,638	7,572,546,062	29,660,270	65,007,490	1,429,055,170	4,424,836,984	395,371,799	1,255,190,228	7,851,788	872,727,281	21,714,477			
1935	841,698,358	6,708,728,881	25,004,920	114,590,433	1,430,758,631	3,779,841,237	346,680,341	1,192,860,774	39,483,784	13,335,103	861,277,333	18,505,860		
1936	843,979,171	7,425,884,894	30,421,150	140,549,892	1,410,047,870	4,270,669,870	448,691,930	1,465,285,060	51,125,747	13,401,863	703,194,452	34,125,180		

COMMERCIAL BANK OF THE NEAR EAST, LIMITED

The following is a statement of the results for the year 1936: Profit for the year, after making provision for bad and doubtful debts, rebate and directors' fees, £6,059; add balance brought forward from the year ended December 31, 1935, £2,976—£9,036. In view of the unsettled international conditions which exist at present, the directors have decided not to declare a dividend, but to strengthen reserves, as follows: to reserve fund, including the 5 per cent. required by the articles of association, £3,000; to contingency account, £5,500, leaving to be carried forward £536.

LIABILITIES					ASSETS									
December 31	Capital and Reserves	Current, Deposits and other Accounts	Bills for Collection	Acceptances, Endorsements, etc.	Cash in Hand and at London Banks	Money at Call	Remittances in Transit	Balances with Foreign Banks	Bills Discounted	Investments	Advances to Customers, etc.	Furniture and Fittings		
1931	200,000	432,335	148,523	52,570	27,299	20,000	1,030	66,518	64,477	120,078	206,277	1,743		
1932	200,000	361,039	101,813	28,841	17,008	30,000	1,241	17,773	89,340	73,652	201,989	1,583		
1933	200,000	308,672	111,721	22,288	14,041	15,000	2,025	17,925	78,828	111,050	193,998	1,489		
1934	207,000	270,288	84,611	20,824	14,109	95,000	486	14,142	46,115	140,353	187,297	1,414		
1935	207,000	323,711	135,304	34,993	44,578	...	2,555	48,080	74,512	177,178	185,528	1,280		

CRÉDIT FONCIER D'ALGÉRIE ET DE TUNISIE

LIABILITIES							ASSETS						
December 31	Capital and Reserves	Joint Account with Crédit Foncier de France*	Current and Deposit Accounts	Time Deposits	Correspondents and Creditors	Acceptances, etc.	Cash	Bills	Correspondents	Investments	Advances Against Securities	Current Accounts	Syndicates
1932	181,599,425	515,524,320	1,780,897,540	354,742,839	147,494,253	24,348,563	180,716,641	1,409,397,838	80,112,086	51,200,704	253,556,837	408,284,414	49,228,573
1933	182,331,502	579,501,156	1,654,649,422	366,258,236	131,458,227	18,699,973	140,942,924	1,291,180,807	69,676,367	54,567,667	282,708,567	398,462,344	50,648,566
1934	183,068,368	595,631,784	1,580,675,016	366,401,920	149,496,240	17,791,300	104,759,970	1,207,413,112	68,548,708	53,062,950	365,985,185	358,352,824	48,905,225
1935	183,800,828	583,270,290	1,291,188,258	315,639,922	146,057,784	17,665,814	102,473,372	1,207,413,112	68,548,708	53,062,950	365,985,185	358,352,824	48,905,225
1936	184,244,760	561,109,625	1,349,351,328	313,485,546	174,982,680	29,108,978	91,126,609	1,409,397,838	80,112,086	51,200,704	253,556,837	408,284,414	49,228,573

* Offset by equal assets.

CREDITO ITALIANO

At the annual general meeting held on March 31, 1937, it was decided to allocate the net profit of 28,674,447 lire and the profits of 2,565,379 lire brought forward from 1935, as follows:—to internal reserve, 20,000,000 lire; to ordinary reserve, 2,867,445 lire; to building reserve, 2,500,000 lire; to balance carried forward 3,307,002 lire, making a total of 5,872,391.70 lire.

LIABILITIES							ASSETS						
Dec. 31	Capital and Reserves	Deposits and Savings Accounts	Current Accounts	Acceptances on behalf of Customers	Cheques Outstanding	Sundry Creditors	Guarantees on Account of Customers	Cash in Hand and at Call	Bills Receivable	Loans Against Collateral	Current Accounts	Investments	Sundry Debtors
1932	800,000,000	1,232,374,346	4,884,842,563	144,007,819	166,965,491	69,697,910	359,098,694	410,902,892	3,976,254,898	298,513,506	1,725,732,086	639,833,096	261,083,224
1933	800,000,000	1,501,758,150	4,390,802,673	127,323,950	174,184,457	59,487,515	228,747,147	470,708,132	4,022,483,618	232,813,241	1,128,024,849	791,913,451	109,170,550
1934	802,989,372	1,538,496,598	4,211,070,341	117,086,788	156,658,020	74,567,442	228,446,542	339,865,887	3,877,522,132	105,740,834	1,371,342,956	752,186,576	180,739,120
1935	805,880,040	1,498,886,181	4,260,164,375	8,395,220	202,811,189	106,490,493	200,646,796	359,269,560	3,880,283,243	67,754,803	1,525,338,167	714,103,677	86,544,685
1936	808,792,289	1,827,407,558	4,045,954,520	4,477,832	228,635,244	121,820,076	189,320,638	596,511,847	3,684,954,255	118,943,912	1,606,320,354	653,727,627	181,612,768

CRÉDIT LYONNAIS

LIABILITIES						ASSETS						
Dec. 31	Capital and Reserves	Deposits at Call	Current Accounts	Accounts Payable after Collection	Acceptances	Fixed Deposits	Cash in Hand and at Banks	Discounts and French Treasury Bills	Loans and Advances	Current Accounts	Investments	Sundries
1932	1,208,000,000	5,878,854,588	8,427,071,140	206,705,051	88,400,949	36,825,847	4,632,927,997	6,337,755,658	267,685,728	3,099,332,008	4,334,825	40,925,315
1933	1,208,000,000	5,367,183,715	6,919,410,799	189,625,291	83,710,308	45,040,145	2,537,739,780	8,139,210,178	367,418,413	3,037,368,301	4,244,862	42,417,354
1934	1,208,000,000	4,998,591,556	6,586,828,417	180,980,899	41,654,016	30,706,771	2,507,845,516	7,660,521,810	363,223,620	2,808,040,081	3,953,567	42,346,399
1935	1,200,000,000	4,519,322,913	5,858,389,320	171,484,089	92,194,875	34,483,462	1,779,488,093	6,944,576,417	315,799,036	2,652,156,099	3,749,051	41,140,043
1936	1,200,000,000	4,362,734,440	5,904,774,582	217,258,119	184,920,433	28,505,950	1,586,949,641	7,365,525,385	418,476,662	2,525,665,920	3,809,078	40,934,642

GUARANTY TRUST COMPANY OF NEW YORK

LIABILITIES							ASSETS						
Dec. 31	Capital and Surplus Fund	Un-divided Profits	Accrued Interest, Misc. Accounts, etc.	Acceptances	Deposits	Out-standing Cheques	Cash in Hand and with Banks	U.S. Govt. Securities	Notes of R.F.C.	Other Securities	Loans and Bills Purchased	Real Estate Bonds and Mortgages	Accrued Interest and Accounts Receivable
1932	280,000,000	11,233,494	8,512,829	85,968,777	1,018,967,670	19,810,548	197,891,874	527,071,010	...	112,618,493	456,157,496	2,391,701	6,393,017
1933	280,000,000	7,885,636	5,708,549	106,189,769	994,126,731	25,455,921	202,490,022	393,765,199	29,637,838	107,121,584	541,614,198	2,393,977	21,882,885
1934	280,000,000	7,294,720	10,267,571	94,908,218	1,237,089,329	22,975,116	333,576,269	464,507,036	20,000,000	96,033,087	579,712,918	2,579,303	14,779,524
1935	280,000,000	7,398,412	15,076,421	71,334,590	1,485,303,841	28,627,522	620,800,526	474,466,017	...	80,907,459	592,238,794	2,990,699	7,920,514
1936	280,000,000	8,356,562	27,583,280	47,501,824	1,709,643,127	35,166,883	680,220,263	590,105,249	...	86,082,407	669,293,384	2,322,210	10,214,179
June, 1937	280,000,000	9,891,452	21,268,337	42,222,397	1,637,713,247	23,302,387	520,351,629	646,369,692	...	70,624,386	692,612,703	2,395,167	12,638,477

HAMBROS BANK, LIMITED

The directors' report for the year ending March 31, 1937, shows that after payment of all expenses, making provision for rebate on bills discounted, bad and doubtful debts, and income tax, the accounts show a profit of £325,726. Deducting the directors' remuneration of £15,078, and adding the balance brought forward from last year of £92,502, there remains an available total of £403,150. After transferring £150,000 to contingency reserve account and allowing the sum of £61,000 for interim dividend on the £10 shares and £9,150 for interim dividend on the £1 "A" shares paid on October 30, 1936, the directors now recommend the payment of a further dividend of 10 per cent., less income tax, on the £10 shares, making a total of 18 per cent. for the year, less income tax, and a further dividend of 3 per cent., less income tax, on the £1 "A" shares, making a total of 6 per cent. for the year, less income tax, and that the balance of £99,001 be carried forward.

LIABILITIES					ASSETS				
March 31	Capital and Reserves	Profit and Loss Account	Current, Deposit and Other Accounts	Acceptances	Cash in Hand, at Bankers and at Call	Bills of Exchange	Investments	Loans, Advances and Other Accounts	Premises
1933	2,400,000	186,543	10,643,073	7,825,292	3,276,042	2,543,721	3,404,969	3,556,473	453,487
1934	2,400,000	190,695	12,863,548	10,179,976	3,386,624	2,552,497	4,555,051	4,529,106	453,487
1935	2,400,000	192,617	13,564,998	10,940,561	4,083,332	2,272,481	4,618,411	4,732,888	453,487
1936	2,800,000	189,339	14,523,037	10,931,923	4,859,083	2,976,793	4,903,012	4,776,978	...
1937	2,800,000	183,001	16,114,477	13,737,385	5,937,388	2,823,995	5,143,219	5,201,730	...

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RESERVE FUND & UNDIVIDED PROFITS - - - - - Frs. 407,769,393

DEPOSITS (31st December, 1936) - - - - - Frs. 9,053,398,754

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THE HONGKONG AND SHANGHAI

The directors report that the net profits for the year ending December 31, 1936, together with \$3,327,060 balance brought forward from last account, after paying all charges, deducting interest paid and due, and making provision for bad and doubtful accounts and contingencies, amount to \$18,434,235. They recommend writing off bank premises account the sum of \$1,000,000. After deducting \$1,000,000 the interim dividend of

BANKING CORPORATION, LIMITED

£2 10s. per share, paid on August 10th last, viz.: £400,000 at 1s. 3d.—\$6,269,388, and remuneration to directors, there remains for appropriation \$11,085,328, out of which the directors recommend the payment of a final dividend of £3 per share, viz., £480,000 which, at 1s. 2d., the rate of the day, will absorb \$7,744,538. The balance \$3,340,789 to be carried to new profit and loss account.

LIABILITIES										ASSETS					
Dec. 31	Capital and Reserves	Notes in Circulation	Current Accounts	Fixed Deposits	Bills Payable	Acceptances	Profit and Loss Account	Cash	Bullion in Hand and in Transit	British Government, Indian, Colonial and other Securities	Discounts, Loans and Credits	Bills Receivable, etc.	Premises		
1932...	\$134,000,000	\$137,449,255	\$894,379,175	\$237,258,655	\$15,659,063	\$2,484,897	\$12,619,033	\$203,097,371	\$130,373,972	\$289,987,610	\$439,250,174	\$148,981,297	\$19,674,257		
1933...	119,784,173	146,535,175	865,364,833	207,588,822	13,728,117	2,880,122	11,592,944	217,695,778	168,864,943	229,569,958	388,313,573	144,490,831	18,654,979		
1934...	106,097,561	133,946,215	504,204,989	179,192,461	9,690,000	4,916,689	9,914,213	137,918,708	177,890,735	194,414,110	318,855,251	92,248,247	22,118,368		
1935...	129,840,000	119,010,770	568,131,918	208,027,823	12,424,354	2,366,587	11,699,860	154,181,307	41,909,294	282,233,304	435,863,291	132,776,563	22,170,965		
1936...	134,873,950	127,636,280	649,329,397	188,614,455	14,821,639	3,308,510	12,085,328	197,465,213	801,419,785	493,812,554	112,890,956	21,772,530			

THE IMPERIAL BANK OF IRAN

The profits for the year ended March 20, 1937, after making provision for expenses of management, general charges in London and at chief office and branches, income tax, and bad and doubtful debts, amount to £77,430, to which has to be added £50,604 brought forward from last account, making a total of £128,034. The assets and liabilities of the branches in Iran have been converted at the rate of exchange of Rials 80½ per £ sterling,

being the rate on March 20, 1937. The rate last year was Rials 80. The directors now recommend payment of a final dividend of 7s. per share, and a bonus of 2s. per share, making with the interim dividend of 4s. per share a total for the year of 13s., free of income tax. It is also proposed to add £10,000 to reserve, which is thereby increased to £750,000, and to carry forward £53,034.

LIABILITIES						ASSETS				
March 20	Capital and Reserves	Current and Fixed Deposits, etc.	Bills Payable, Provision for Contingencies, Endorsements, etc.	Acceptances, etc.	Profit and Loss Account	Cash in Hand, at Bankers, at Call, and Short Notice, and Bullion	British Government and Other Securities	Discounts, Loans, Advances, etc.	Bills Receivable	Premises
1933	£1,560,000	£2,730,989	£1,551,160	£150,622	£91,889	£1,059,772	£3,545,805	£869,787	£450,910	£7,744
1934	1,570,000	3,128,793	1,655,914	278,159	94,058	1,053,273	3,467,919	1,268,583	653,617	5,373
1935	1,580,000	3,065,478	2,009,720	820,328	94,818	1,278,923	3,552,066	1,222,163	694,194	2,670
1936	1,590,000	3,887,911	1,827,576	870,266	85,604	1,102,424	3,259,738	2,082,787	654,581	1,892
1937	1,750,000	3,539,235	1,643,817	891,497	98,034	899,602	2,844,780	2,447,445	838,219	1,041

INTERNATIONAL BANKING CORPORATION

LIABILITIES									ASSETS				
December 31	Capital and Surplus	Undivided Profits	Deposits	Notes in Circulation in China	Items in Transit with Branches	Acceptances	Reserves	Other Liabilities	Cash and Due from Banks and Bankers	Loans, Discounts and Advances	Bonds and Securities	Customers' Liability Account of Acceptances	Other Assets
1932	\$ 5,000,000	\$ 4,836,481	\$ 6,244,083	\$ 1,419,381	\$ 150,449	\$ 930,131	\$ 1,640,490	\$ 3,015	\$ 5,748,305	\$ 2,681,598	\$ 10,867,509	\$ 889,169	\$ 57,449
1933	5,000,000	3,166,032	7,583,124	980,937	154,112	1,476,486	4,305,554	3,456	6,688,912	3,069,323	11,423,031	1,397,254	71,181
1934	5,000,000	3,223,533	11,325,714	679,979	396,893	1,558,770	4,409,135	2,192	10,057,749	3,510,676	11,416,678	1,526,438	76,675
1935	6,000,000	2,173,144	12,044,103	453,671	213,944	3,076,316	406,064	2,466	9,285,434	4,792,330	7,166,085	3,087,000	58,859
1936	6,000,000	2,170,008	7,276,608	315,907	155,899	794,400	355,626	...	7,173,602	8,330,125	5,791,085	723,900	50,337

IONIAN BANK, LIMITED

The directors' report for the 16 months ended December 31, 1936, shows a net profit of £21,177, to which has to be added balance brought forward from last accounting year £14,646, leaving available for distribution £35,823. From this there has been paid an interim dividend at 1s. 6d. per share, paid on

November 26, 1936, £9,000; the directors now propose a final dividend at 1s. 6d. per share, subject to income tax, £9,000; transfer to contingencies account £10,000; leaving a balance to be carried forward of £7,823.

LIABILITIES						ASSETS							
August 31	Capital and Reserves	Current and Deposit Accounts, Outstanding Advances, Letters of Credit, etc.	Bills Payable	Profit and Loss	Cash in Hand, at Bankers, in Transit	Balances with Banking Correspondents	Investments	Bills receivable	Loans and Advances, Outstanding Advances, Exchange Contracts, etc.	Liability of Customers for Acceptances	Mortgaged Property in Possession	Premises	
1932	£700,000	£2,934,099	£236,851	£23,795	£592,281	£52,844	£1,073,400	£159,040	£1,868,512	£89,492	£32,442	£219,280	
1933	700,000	2,927,052	96,907	26,525	620,234	79,282	952,476	182,365	1,696,478	118,364	43,125	218,085	
1934	700,000	3,329,365	103,078	26,567	533,536	39,132	871,048	438,998	2,125,437	204,449	42,407	217,990	
1935	700,000	3,269,850	40,708	26,646	414,365	33,285	851,946	601,318	1,990,124	182,131	34,002	217,992	
1936*	800,000	3,151,042	41,615	16,823	373,020	65,006	707,223	483,748	2,130,562	310,774	36,258	217,992	

* 16 months to December 31st.

ITALO-BELGIAN BANK

The directors report for the year ended June 30, 1936, states that the net profit was Frs. 10,029,799, which, together with the balance of Frs. 10,287,203 makes a total of Frs. 20,317,003. They propose to pay a dividend of 8 per cent. per annum net

free of Belgian tax, Frs. 8,000,000; directors' fees, Frs. 603,936; provisions for taxes, Frs. 100,000; reserves, Frs. 9,997,000; and to carry forward the balance of Frs. 1,616,067.

LIABILITIES						ASSETS							
June 30	Capital and Reserves	Current and Deposit Accounts	Bankers and Correspondents	Bills Payable	Re-discount on Bills	Depositors and Sundry Accounts	Cash in Hand and with Bankers	Bills Receivable	Investments	Bankers and Correspondents	Loans and Advances	Premises	
1932	Frs. 200,000,000	Frs. 771,431,755	Frs. 333,483,407	Frs. 97,446,145	Frs. 1,055,621	Frs. 1,716,593,735	Frs. 207,609,034	Frs. 389,598,548	Frs. 30,622,101	Frs. 281,971,020	Frs. 493,466,722	Frs. 21,000,000	
1933	200,000,000	700,876,198	182,381,823	83,851,796	1,109,644	2,587,424,544	203,520,741	386,999,774	25,396,016	220,728,939	329,280,207	21,000,000	
1934	200,000,000	682,184,881	192,243,586	46,146,864	1,183,393	2,280,153,504	211,692,091	391,912,133	25,357,956	204,691,735	286,132,415	21,000,000	
1935	200,000,000	712,870,234	86,814,177	95,664,121	568,320	2,634,664,453	196,303,690	281,631,241	25,514,656	242,403,450	350,547,358	21,000,000	
1936	200,000,000	395,404,704	119,800,328	110,505,941	653,348	2,007,651,948	199,969,817	254,540,276	22,769,063	296,728,077	873,123,461	21,000,000	

ANGLO-INTERNATIONAL BANK, LIMITED

24-28 Lombard Street, London, E.C.3

Telephones: MANSION HOUSE 6543 (9 lines).

Telegrams: "ANGLANK, LONDON."

CAPITAL:

Authorised £2,000,000

Paid Up - £1,960,008

London Clearing Agents: Bank of England. Glyn, Mills & Co. National Provincial Bank, Ltd.

BOARD OF DIRECTORS:

SIR BERTRAM HORNSBY, C.B.E. (Chairman)

E. W. H. BARRY, Esq.

JULIAN DAY, Esq., M.C.

A. G. M. DICKSON, Esq.

ZOLTAN HAJDU, Esq.

SIR GORDON NAIRNE, BART.

Every description of Home and Foreign Banking transacted. Special facilities for business with the Continent of Europe. Current accounts opened and deposits for short periods accepted at rates which may be obtained on application.

IONIAN BANK, LIMITED

ESTABLISHED 1839

CAPITAL AUTHORISED - £1,000,000
CAPITAL PAID UP - £600,000
RESERVE FUND - £100,000
TOTAL ASSETS - £4,324,575

HEAD OFFICE: 25/31 Moorgate, LONDON, E.C. 2

EGYPT: Central Office—ALEXANDRIA

9 Branches and Agencies

GREECE: Central Office—ATHENS

33 Branches and Agencies

CYPRUS:

Central Office—NICOSIA
4 Branches and Agencies

EVERY FORM OF INTERNATIONAL BANKING SERVICE

THE BRITISH BANK FOR THE NEAR EAST

BANK OF ATHENS

Head Office: ATHENS

(Incorporated in Greece with Limited Liability)

Paid-up Capital and Reserves, Drs. 176,000,000

With 118 offices, in all the principal towns in Greece, Egypt and Cyprus, the Bank extends Facilities for Export and Import Trade between Great Britain and the Near East generally.

ENQUIRIES INVITED

NEW YORK: Bank of Athens Trust Company, 205 West 33rd Street

LONDON: 22 FENCHURCH STREET, E.C.3

K. A. ZILKHA

Maison de Banque

ESTABLISHED IN 1899

BAGHDAD BEYROUT DAMASCUS

[IRAQ]

[LEBANON]

[SYRIA]

MAIN OFFICE: BEYROUT (LEBANON-SYRIA)

Bankers with nearly forty years of experience, equipped to ensure prompt and efficient execution of your collection and payment orders, and to carry out banking business of all descriptions on very moderate terms. Correspondents all over the commercial towns of Syria, Lebanon and Iraq, the Near East and the principal financial centres of the world.

Organised to act as Correspondents for Foreign Banks

THE LONDON AND EASTERN TRADE BANK, LIMITED

The directors' report for the year ended September 30, 1936, shows a profit of £3,013, which with the debit balance of £339,172 brought forward, leaves £336,159 to be carried forward to next year.

September 30	ASSETS									
	Capital	Current, Deposit and Other Accounts	Acceptances	Guarantees, Rediscunts, etc.	Cash in Hand and at Bankers in London	Money at Call	Discounts	Securities	Loans, Overdrafts, etc.	Profit and Loss Account
1932*	600,000	251,267	92,951	80,397	46,859	70,000	£	19,411	485,094	— 199,393
1933	600,000	169,957	52,191	130,557	46,965	75,000	...	35,924	344,241	— 245,327
1934	600,000	152,859	17,503	39,157	76,684	35,000	11,859	63,363	256,101	— 276,894
1935	600,000	158,785	8,488	29,598	111,688	20,000	2,246	64,530	209,376	— 339,172
1936	600,000	163,020	...	50,895	135,999	30,000	4,153	25,512	216,275	— 336,159

* For 15 months.

THE MITSUI BANK, LIMITED

December 31	ASSETS									
	Capital and Reserves	Deposits	Due to Foreign Banks	Liabilities under L/C, etc.	Interest Accrued on Deposits	Rebate on Bills not Due	Cash in Hand and at Bankers	Money at Call and Short Notice	Govt., Municipal and other Bonds	Premises
1932	Yen 151,800,000	Yen 687,648,845	Yen 17,169,435	Yen 8,423,738	Yen 7,045,349	Yen 2,776,412	Yen 49,045,968	Yen 42,680,000	Yen 235,579,197	Yen 15,061,361
1933	153,800,000	715,288,952	17,803,730	10,418,911	7,020,334	2,776,412	55,485,933	42,640,000	281,047,837	14,219,501
1934	155,800,000	748,556,286	8,440,426	4,721,781	7,490,428	1,948,548	56,808,895	35,510,000	218,846,210	14,261,777
1935	157,800,000	796,293,049	19,098,263	9,234,652	7,596,671	2,092,741	55,985,859	29,630,000	338,209,571	14,882,131
1936	159,800,000	856,924,836	31,010,071	26,820,135	8,209,881	2,342,058	58,449,867	39,720,000	296,830,843	17,332,629

THE MITSUBISHI BANK, LIMITED

December 31	ASSETS									
	Capital and Reserves	Deposits	Acceptances and Guarantees	Interest accrued on Deposits	Cash on Hand and in Banks	Money at Call and Short Notice	Government, Municipal and other Bonds	Stocks and Shares	Discounts and Loans	Premises, etc.
1932	Yen 138,743,725	Yen 640,378,987	Yen 1,569,417	Yen 8,835,618	Yen 47,016,643	Yen 32,990,000	Yen 272,554,158	Yen 32,319,980	Yen 317,705,251	Yen 14,978,560
1933	141,165,735	681,368,857	2,007,213	7,067,161	53,427,847	64,895,680	160,334,291	184,169,733	274,278,306	16,226,438
1934	145,786,210	722,648,160	4,802,162	5,368,816	54,898,773	44,389,302	389,075,672	34,449,142	285,344,161	15,304,056
1935	145,786,210	722,648,160	4,802,162	5,368,816	54,898,773	44,389,302	389,075,672	34,449,142	285,344,161	15,304,056
1936	154,618,825	810,406,894	6,450,978	7,255,478	63,334,194	48,185,000	367,037,362	27,967,530	370,662,450	20,126,874

THE MOSCOW NARODNY BANK, LIMITED

Dec. 31	ASSETS									
	Capital and Reserves	Current and Deposit Accounts	Correspondents of the Bank	Bills Rediscouted	Miscellaneous Creditors	Liabilities in respect of Guarantees	Cash at Banks on Current Accounts and in hand	Investments	Correspondents of the Bank	Premises
1932	2,113,186	513,863	624,199	803,946	65,949	2,381,553	871,158	285,891	469,212	5,401
1933	2,083,186	500,925	676,273	308,507	67,228	2,210,396	1,558,541	302,130	143,710	4,837
1934	1,835,000	904,873	264,302	556,877	94,891	2,040,384	822,774	247,078	248,544	5,879
1935	1,835,000	669,319	191,318	11,119	37,227	1,550,388	820,536	192,624	11,708	5,446
1936	1,835,000	143,684	1,445,908	76,764	41,470	1,120,091	2,272,155	1,210,855	77,479	4,802
June 1937	725,000	821,191	1,411,900	31,325	100,118	1,120,091	2,301,583	165,054	31,325	4,026

THE NATIONAL BANK OF EGYPT

The report for the year ending December 31, 1936, shows the following statement: Gross profit for the year, after providing for depreciation on the bank's buildings and furniture, for rebate of discount, and for doubtful debts, amounts to £948,108. After deducting from this for directors' fees £16,729, and for

current expenses £458,492, the remainder is divided between the statutory dividend of 4 per cent., amounting to £120,000, and an additional dividend of 11 per cent., amounting to £330,000. By adding the balance brought forward from last year, £206,984, there remains £229,870 to be carried forward.

Dec. 31	ASSETS									
	Capital and Reserves	Current, Deposit and other Accounts	Egyptian Govt.	Sudan Govt.	Mixed Tribunals	Cheques and Bills Payable	Acceptances, etc.	Bankers' Accounts	Cash in Hand	Premises
1932	£st. 6,000,000	£st. 19,784,026	£st. 3,300,569	£st. 600,900	£st. 1,953,950	£st. 153,116	£st. 873,537	£st. 834,578	£st. 2,368,234	£st. 2,368,234
1933	6,000,000	18,656,856	3,487,435	871,196	1,821,116	161,069	1,406,311	862,988	2,309,045	2,309,045
1934	6,000,000	16,428,830	4,978,103	563,542	1,691,486	155,109	1,583,027	509,669	2,362,631	2,362,631
1935	6,000,000	21,855,049	6,220,582	958,364	1,810,545	229,140	1,107,923	1,103,622	2,551,852	2,551,852
1936	6,000,000	20,881,810	4,968,663	1,062,380	1,978,268	235,081	1,288,091	1,106,816	2,512,833	2,512,833

THE NATIONAL CITY BANK OF NEW YORK

Dec. 31	ASSETS									
	Capital and Surplus	Undivided Profits	Reserves	Circulation	Liability as Acceptor, Endorser or Maker on Acceptances and Bills	Deposits	Cash and Due from Banks and Bankers	U.S. Govt. Obligations	State, Municipal and other Bonds and Securities	Premises
1932	\$ 200,000,000	\$ 5,454,098	\$ 36,795,206	\$ 2,000,000	\$ 71,633,555	\$ 1,299,377,721	\$ 300,819,219	\$ 364,536,676	\$ 173,179,979	\$ 618,791,302
1933	157,500,000	5,067,506	2,213,694	25,000,000	73,876,590	1,117,159,221	364,531,832	228,936,154	131,195,652	497,027,471
1934	157,500,000	8,273,298	10,576,359	...	85,779,526	1,394,604,308	450,285,785	431,988,336	185,518,004	482,834,614
1935	157,500,000	10,644,279	16,111,907	...	87,444,517	1,652,366,244	527,491,424	510,764,688	179,786,456	547,223,821
1936	120,000,000	15,462,953	13,821,556	...	89,976,612	1,718,840,229	463,258,611	826,617,831	228,001,649	588,346,846
June 30, 1937	121,280,000	18,746,581	18,878,333	...	88,968,962	1,807,822,047	549,793,277	419,401,489	233,352,858	710,217,061

THE NATIONAL BANK

LIMITED
ESTABLISHED 1835

CAPITAL SUBSCRIBED £7,500,000 | RESERVE FUND - £1,130,000
CAPITAL PAID-UP £1,500,000 | DEPOSITS (30.6.37) £38,054,000

BRITISH AND FOREIGN BANKING BUSINESS OF EVERY DESCRIPTION TRANSACTED
INCOME TAX MATTERS DEALT WITH ON BEHALF OF CUSTOMERS
EXECUTOR AND/OR TRUSTEESHIPS UNDERTAKEN

The Bank has been a member of the London Bankers' Clearing House for over three-quarters of a century

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and 273 Branches and Sub-Offices in Great Britain and Ireland.

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BANKING SERVICE

World-wide facilities for Banking
business of every description

EXECUTORSHIPS AND TRUSTEESHIPS UNDERTAKEN

WILLIAMS DEACON'S BANK LTD.

PRINCIPAL LONDON OFFICES: 20 BIRCHIN LANE, E.C.3 — 9 PALL MALL, S.W.1
PRINCIPAL MANCHESTER OFFICES: MOSLEY ST. — ST. ANN ST.
ASSOCIATED BANK: THE ROYAL BANK OF SCOTLAND



STOCKHOLMS ENSKILDA BANK

AKTIEBOLAG

STOCKHOLM

Established in 1856

Capital: 100,000,000 Kronor

TELEGRAPHIC ADDRESS:
NITTON-STOCKHOLM

HEAD OFFICE:
STOCKHOLM 16

OTTOMAN BANK

LIABILITIES								ASSETS						
Dec. 31	Capital and Reserves	Notes in Circulation	Bills Payable and Sight Drafts	Current Accounts of Sundries	Deposits for Fixed Terms	Acceptances	Profit and Loss Account	Cash in Hand and at Bankers	Money at Call and Notice	Bills receivable	Investments	Current Accounts of Sundries	Advances on Securities	Pre-mises
1932	6,250,000	385,867	265,665	11,226,164	1,718,663	1,017,167	100,338	3,929,108	1,533,791	5,801,522	2,109,609	4,315,254	1,817,859	637,554
1933	6,250,000	362,302	250,136	11,655,549	1,483,303	787,087	102,159	4,291,754	1,136,040	5,558,002	1,471,545	5,111,137	1,897,918	637,054
1934	6,250,000	374,391	285,283	12,395,128	1,512,748	637,755	104,542	3,801,705	1,203,307	5,674,154	1,973,088	5,804,790	2,316,722	628,307
1935	6,250,000	351,418	252,955	12,849,781	1,939,177	587,856	104,784	3,806,526	872,678	4,740,036	2,887,728	6,266,797	2,254,222	618,077
1936	6,250,000	320,062	250,182	14,089,812	1,387,342	412,572	108,149	4,733,630	1,023,582	5,403,823	2,419,895	5,830,009	2,398,529	596,079

SOCIÉTÉ BELGE DE CRÉDIT INDUSTRIEL ET COMMERCIAL ET DE DÉPÔTS

LIABILITIES					ASSETS								
December 31	Capital and Reserves	Deposit and Current Accounts	Profit and Loss	Other Accounts	Cash	Due from other Banks	Bills receivable	Coupons for Collection	Current Accounts	Sundry Assets	Loans and Advances	Uncalled Capital	Premises
	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.
1932	28,700,000	98,838,097	2,029,433	425,512	2,638,786	28,885,663	61,898,956	118,942	11,709,089	2,619,500	9,708,799	13,391,200	1,024,533
1933	28,900,000	97,130,202	1,768,745	424,708	3,584,492	18,716,157	70,484,022	226,366	8,456,557	2,574,503	9,743,542	12,895,200	1,022,140
1934	28,900,000	74,422,863	1,722,111	140,658	1,706,310	17,685,154	44,190,350	368,474	3,606,291	7,645,895	15,378,801	12,878,800	1,019,982
1935	12,300,000	147,616,777	1,728,919	386,429	32,101,554	23,689,613	61,435,314	274,209	12,280,605	4,174,847	9,259,364	...	1,018,034

SOCIÉTÉ GÉNÉRALE Pour Favoriser le Développement du Commerce et de l'Industrie en France

The directors' report for the year ended December 31, 1936, states that net profits amount to Frs. 42,499,516. It was proposed to declare a dividend of 5 per cent., i.e., of Frs. 12.50, on 1,210,394 shares half paid up, and Frs. 25 on 39,606 fully-paid shares, amounting to Frs. 16,120,075. A statutory payment of Frs. 1,700,444 to the directors and auditors leaves a surplus of Frs. 24,678,997, to which is added Frs. 27,465,396 carried forward from last year. A further dividend was proposed of Frs. 27.50, amounting to Frs. 34,375,000, leaving Frs. 17,769,393 to be carried forward.

LIABILITIES						ASSETS								
Feb. 28	Capital and Reserves	Cheque Accounts	Deposits for Fixed Periods	Sundry Current Accounts	Acceptances	Cash in Hand and at Banks	Bills and National Defence Bonds	Coupons for Encashment and Contangoes	Advances on Security	Sundry Current Accounts	Govt. Stocks, Shares, etc., and Investments	Real Estate, etc.	Calls on Shares	
1933	Francs 1,015,000,000	Francs 3,513,988,754	Francs 291,974,500	Francs 7,299,725,089	Francs 127,127,852	Francs 2,619,219,032	Francs 6,339,384,793	Francs 103,186,513	Francs 377,014,590	Francs 2,575,958,501	Francs 60,430,088	Francs 71,197,039	Francs 303,491,250	
1934	1,015,000,000	3,166,382,818	284,678,800	6,360,311,378	128,285,636	1,923,118,908	5,139,786,624	157,057,541	448,999,158	2,933,347,773	62,267,468	71,397,039	303,159,750	
1935	1,015,000,000	3,151,589,247	257,045,500	6,215,399,734	73,097,007	2,175,894,472	5,025,683,238	184,067,765	434,555,687	2,548,240,651	59,566,793	71,381,788	302,955,000	
Dec 31														
1935	1,015,000,000	2,769,754,206	254,149,000	5,791,175,422	106,200,601	1,899,654,145	4,645,216,991	142,313,613	518,992,213	2,430,560,762	52,756,716	71,381,788	302,733,000	
1936	1,015,000,000	2,630,640,932	216,889,500	6,205,868,323	125,075,601	2,054,522,368	4,990,977,465	195,748,637	415,970,934	2,205,730,416	52,220,679	71,381,788	302,598,500	

SOCIÉTÉ GÉNÉRALE DE CRÉDIT INDUSTRIEL ET COMMERCIAL

LIABILITIES							ASSETS							
Dec. 31	Capital and Reserves	Deposit Accounts	Current Accounts	Fixed Deposits	Acceptances	Transitory and Sundry Accounts	Cash in Hand and due from Other Banks	Bills Receivable and " Bons de la Défense Nationale "	Current Accounts	Advances Guaranteed	Transitory and Sundry Accounts	Investments	Shares of Affiliated Societ'es	Premises
	France	France	France	France	France	France	France	France	France	France	France	France	France	France
1932	170,000,000	449,187,159	1,062,568,456	488,103,335	25,279,623	17,537,343	246,592,122	1,465,450,397	147,397,190	94,624,792	5,785,583	54,882,703	108,017,068	20,000,000
1933	170,000,000	409,354,199	790,473,674	338,577,312	55,411,698	16,520,450	242,772,829	960,574,094	181,983,260	97,998,177	10,842,496	54,882,395	106,028,622	20,000,000
1934	170,000,000	398,643,467	695,141,557	342,557,532	28,598,148	19,896,060	185,864,759	901,703,540	207,533,427	82,567,753	12,836,153	53,797,255	109,443,630	20,000,000
1935	170,000,000	351,678,889	768,130,772	287,663,984	24,420,409	20,655,360	210,859,567	771,028,745	231,476,340	104,761,081	14,353,246	52,064,283	109,425,950	20,000,000
1936	170,000,000	339,514,880	1,073,311,949	182,934,476	22,311,838	19,904,289	262,008,056	852,445,465	319,115,313	95,528,705	17,419,706	51,632,985	109,235,381	20,000,000

THE SUMITOMO BANK, LIMITED

The profit for the half-year ended December 31, 1936, amounts to Yen 4,571,475. To this sum has to be added Yen 4,702,475 brought forward from last half-year making a total of Yen 9,273,951. From this the directors propose to make the following distribution: To dividend, Yen 1,750,000; to bonus, Yen 150,000; to pension reserve, Yen 1,000,000; to reserve fund, Yen 1,500,000. The balance of Yen 4,873,951 is to be carried forward to the next half-year.

LIABILITIES							ASSETS							
December 31	Capital and Reserves and Pension Reserve	Deposits	Exchange Sold	Due to Other Banks	Foreign Credits, Acceptances and Guarantees	Accrued Interest, Unearned Discount, etc.	Cash in Hand	Money at Call and Short Notice	Securities	Discounts	Loans	Exchange Purchased	Bank Premises	Capital Unpaid
	Yen	Yen	Yen	Yen	Yen	Yen	Yen	Yen	Yen	Yen	Yen	Yen	Yen	Yen
1932	97,396,658	735,187,166	13,217,770	4,174,788	9,310,925	11,940,057	49,382,829	24,850,000	261,486,211	61,528,339	386,151,430	40,053,080	19,662,151	20,000,000
1933	101,080,894	798,157,383	9,025,834	5,126,529	14,565,827	11,634,638	62,618,630	37,550,000	293,141,656	71,093,928	390,308,121	31,748,224	19,535,328	20,000,000
1934	107,641,903	872,527,563	11,594,988	5,538,755	9,829,913	12,610,427	79,830,668	43,950,000	355,172,588	79,243,013	396,848,505	28,413,867	18,893,649	20,000,000
1935	112,592,459	952,297,545	16,364,846	6,475,428	10,899,819	12,558,979	70,712,194	33,550,000	409,087,083	92,887,219	429,035,431	32,000,000	18,952,468	20,000,000
1936	117,057,776	1,017,347,622	15,391,096	6,672,182	16,185,862	14,198,755	71,423,058	27,664,288	381,987,012	123,707,932	492,448,270	37,899,981	18,483,877	20,000,000
June 30, 1937	112,616,635	1,093,984,347	17,740,523	5,452,627	19,144,909	12,869,837	81,815,260	37,450,000	362,617,568	117,811,009	573,667,613	36,847,644	18,230,383	20,000,000



NATIONAL BANK OF GREECE

Established in 1841

Capital paid-up and Reserves Drs. 1,205,000,000. —
Deposits - - - 10,290,000,000. —
Total Resources - - - 12,971,000,000. —

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Correspondents in all parts of the world.

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(INCORPORATED IN JAPAN).
Head Office: OSAKA, JAPAN

Capital Subscribed - - - Yen 70,000,000.00
Capital Paid-up - - - Yen 50,000,000.00
Reserve Fund - - - Yen 46,610,000.00

HOME OFFICES:—Fukuoka (2), Hiroshima (3), Kobe (3), and Los Angeles.
Kokura, Kumamoto, Kurume (2), Kyoto (3), Moji, Nagoya (2), Niihama, Okayama, Onomichi, Osaka (23), Shimonoeki, Tokyo (19), Wakamatsu, Wakayama, Yatsu and Yokohama.
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AFFILIATED BANKS:—The Sumitomo Bank of California, Sacramento, California, U.S.A. The Sumitomo Bank of Hawaii, Honolulu, Hawaii, U.S.A. The Sumitomo Bank of Seattle, Seattle, Washington, U.S.A.
OFFICES IN PACIFIC LINES:—M.S. "Asama Maru," M.S. "Chichibu Maru" and M.S. "Tateyama Maru."
LONDON BANKERS:—Lloyds Bank Limited.
Correspondents in all important places at Home and Abroad.

GENERAL BANKING AND EXCHANGE BUSINESS.

London Office: 67 BISHOPSGATE, E.C.2.

Telephones: London Wall 4955 (2 lines). Cable Address: "Sumitbank, London."

M. MAYE, Manager.

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Banking business of all descriptions transacted.

Correspondents throughout the world.

THE MITSUI BANK, LIMITED

(The oldest Banking Institution in Japan—Founded in 1683)

Capital subscribed - - - Yen 100,000,000.00
Capital paid-up - - - Yen 60,000,000.00
Reserve Fund - - - Yen 61,800,000.00
Deposit - - - Yen 904,347,290.72

Head Office: TOKYO, JAPAN

Home Branches: Fukuoka, Hiroshima, Kobe, Kyoto, Moji, Nagoya (2), Osaka (5), Otaru, Tokyo (2), Wakamatsu, Yokohama.

Foreign Branches: Bombay, Dairen, London, New York, Shanghai, Sourabaya.

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London Office: WINCHESTER HOUSE, OLD BROAD STREET, E.C.2

TELEPHONE: LONDON WALL 3221, 3222, 4239

CABLE ADDRESS: "MITSUIGINK, LONDON"

SWISS BANK CORPORATION

After deduction of expenses and taxes, and making provision for bad and doubtful debts, etc., the net profit for the year ended December 31, 1936, amounts to S.Fcs. 8,242,828, which together with the amount carried forward from last year, viz.,

S.Fcs. 1,056,085, makes a total of S.Fcs. 9,298,913. The board propose to pay a dividend of 5 per cent. on the paid-up capital, which will absorb S.Fcs. 8,000,000, and to carry forward S.Fcs. 1,298,913.

LIABILITIES

Swiss Francs (millions)

ASSETS

December 31	Capital	Reserves	Sight Deposits	Time Deposits	Fixed Deposits (obligations)	Acceptances	Profit and Loss	Cash	Banks and Bankers	Bills receivable	Advances	Govt. and other Securities	Syndicates	Bank Premises and other Property
1932.....	160.0	53.0	597.6	258.2	243.4	17.8	11.8	319.3	105.7	240.0	578.0	88.6	13.8	18.1
1933.....	160.0	53.0	578.6	217.8	224.1	20.0	10.9	290.2	112.6	184.6	578.5	84.5	13.0	18.1
1934.....	160.0	39.0	476.5	246.9	243.6	24.2	8.3	244.5	84.1	213.4	578.2	51.6	10.6	16.1
1935.....	160.0	32.0	437.6	205.4	175.6	23.2	8.2	117.1	108.6	181.6	554.2	71.7	10.5	20.0
1936.....	160.0	32.0	817.4	189.8	159.2	21.3	9.3	319.2	171.5	214.6	522.7	125.2	9.7	20.0

THE YOKOHAMA SPECIE BANK, LIMITED

The directors' report for the half-year ending December 31, 1936, shows that the net profit of the bank, after providing for all bad and doubtful debts, rebate on bills, etc., was Yen 17,458,919, inclusive of Yen 10,446,651 brought forward from last account. The directors propose that Yen 1,750,000

be added to the reserve fund, and recommend a dividend at the rate of 10 per cent. per annum, which will absorb Yen 5,000,000. The balance, Yen 10,708,919, will be carried forward to the credit of next account.

LIABILITIES

ASSETS

Dec. 31	Capital and Reserve	Reserve for Doubtful Debts	Notes in Circulation	Deposits	Bills Payable, Discounts, Acceptances, etc.	Balance of Profit and Loss Brought Forward	Net Profit for past Half-year	Cash in Hand	Cash at Bankers	Investments	Discounts, Loans, Advances, etc.	Bills Receivable, etc.	Bullion and Foreign Money	Premises and Properties
1932.....	Yen 218,450,000	Yen 3,810,301	Yen 6,598,139	Yen 880,156,578	Yen 552,989,706	Yen 5,077,293	Yen 7,082,171	Yen 34,821,552	Yen 97,583,084	Yen 451,042,150	Yen 394,924,811	Yen 470,556,638	Yen 698,484	Yen 21,212,685
1933.....	221,250,000	3,602,332	4,265,022	800,507,592	594,200,637	6,869,039	7,279,128	40,027,867	54,142,090	460,363,757	465,037,228	494,465,397	1,836,965	20,911,202
1934.....	224,250,000	3,639,943	4,244,909	593,463,255	703,273,282	8,256,945	7,234,380	25,850,939	45,337,976	369,165,627	494,168,773	577,962,746	1,632,988	19,043,134
1935.....	227,450,000	3,724,454	3,840,085	651,780,676	755,522,697	9,503,102	7,257,835	19,684,697	124,630,647	494,515,174	352,354,374	646,742,288	757,270	19,577,645
1936.....	230,900,000	3,653,917	1,242,326	599,001,305	685,774,380	10,446,652	7,012,288	16,010,099	50,164,472	411,261,421	385,911,980	650,727,698	5,864,015	19,341,664
June 30, 1937.	232,650,000	3,622,586	769,521	656,174,781	887,523,368	10,708,920	6,788,807	24,644,357	47,830,344	407,183,175	353,092,720	644,984,842	718,843	19,194,625

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Subscribed Capital - - £4,080,000

Paid-up - - - - £540,000

Divided into 500,000 Shares of £8 each, £1 paid; and 40,000 Shares of
£2 each, £1 paid

Reserve Fund - - - - £515,000

DIRECTORS:

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G. BROCK, Esq., F.C.A.

JOHN CHARLES DENTON CARLISLE, Esq.
JAMES MARMION CARROLL, Esq.

JOHN WM. FREEMAN, Esq.

Hon. Sir WILLIAM HENRY GOSCHEN, K.B.E.

HENRY SAMUEL HOWARD GUINNESS, Esq.

ALEXANDER BRODRICK LESLIE-MELVILLE, Esq.

Head Office: 8 THROGMORTON AVENUE, LONDON, E.C.2.

Telephone: Metropolitan 0311 Metropolitan 0323
Secretary's Office

Secretary: GEORGE A. KENNEDY

Manager: F. W. BROWN

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Chief Officer in Ireland: PATRICK BOURKE

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Over 210 Branches throughout Scotland

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PIONEER LIFE

ASSURANCE COMPANY LTD.

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Established
1891

Assets Exceed:
£1,000,000

Claims Paid Exceed:
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EST. 1865

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Reserve Fund - - - - 1,000,000

Reserve Liability of Shareholders - - 1,250,000

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SYDNEY OFFICE: 270 GEORGE STREET

BRISBANE OFFICE: 305 QUEEN STREET

PERTH (Western Australia) OFFICE: ST. GEORGE'S TERRACE

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Bills on Australasia purchased or collected.
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SUBSCRIBED CAPITAL - £2,153,335
PAID-UP CAPITAL - £1,000,000
RESERVE FUND - £1,000,000

DIRECTORS:

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Lt.-Col. The Hon. GEORGE FREDERICK W. GREEN
AKERS-DOUGLAS
The Hon. ARTHUR M. ASQUITH, D.S.O.
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Sir CHARLES D. SELIGMAN

Manager—FRANCIS GOLDSMITH

Sub-Manager—R. E. de B. BATE Asst. Sub-Manager—H. R. W. BROWN

Chief Accountant & Secretary—S. S. JOHNSON

Registrar—G. H. ELLABY

Auditors:
PRICE, WATERHOUSE & CO.Bankers:
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NATIONAL PROVINCIAL BANK, LIMITED

Treasury Bills, Bank and Mercantile Bills negotiated.
Money received on Deposit at Call and Short Notice at the Current Market Rates of Interest, and for longer periods upon specially agreed terms.
Loans granted upon approved securities.
All communications to be addressed to the Manager.

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ESTABLISHED 1830

SUBSCRIBED CAPITAL - £5,200,000
PAID-UP - £1,200,000
RESERVE FUND - £1,800,000
DEPOSITS - £31,050,321

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GLASGOW—St. Vincent Street EDINBURGH—George Street
214 Branches throughout Scotland

LONDON OFFICES: 62 CORNHILL, E.C.3

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HAS FOREIGN EXCHANGE DEPARTMENT

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Every description of Home and Foreign Banking transacted.
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The Bank also undertakes the duties of TRUSTEE and EXECUTOR.

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Sums of 1/- and upwards received. PASS BOOKS
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observed by the Bank's Officials

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£3,780,192Reserve Fund:
£3,944,171Deposits:
£66,800,985

Incorporated by Royal Charter, 1727

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His GRACE THE DUKE OF BUCCLEUCH AND
QUEENSBERRY, G.C.V.O.

Deputy-Governor:

RIGHT HON. THE EARL OF STRATHMORE AND
KINGHORNE, K.G., K.T., G.C.V.O.

General Manager: WILLIAM WHYTE

HEAD OFFICE: EDINBURGH

249 Branches throughout Scotland.

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BANK OF SCOTLAND

CONSTITUTED BY ACT OF PARLIAMENT, 1695

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PAID-UP CAPITAL - £1,500,000
RESERVE FUND and BALANCE CARRIED FORWARD - £2,605,995
DEPOSITS and CREDIT BALANCES as at 27th February, 1937 - £37,635,697

Governor: The Rt. Hon. LORD ELPHINSTONE, K.T. Deputy Governor: THE LORD HENRY SCOTT
A. W. M. BEVERIDGE, Treasurer.

Head Office: THE MOUND, EDINBURGH

GLASGOW, Chief Office: 2 St. Vincent Place. J. B. CRAWFORD, Manager.

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ISSUED AND FULLY PAID UP ... £20,000,000
RESERVE FUNDS { STERLING ... £6,500,000
HONGKONG CURRENCY ... £10,000,000
RESERVE LIABILITY OF PROPRIETORS ... £20,000,000

Head Office - HONGKONG

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Hon. Mr M. T. JOHNSON, Deputy-Chairman
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A. H. COMPTON Hon. Mr J. J. PATERSON
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D. G. M. Bernard C. F. Whigham
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Sub-Manager: G. M. Dalgaty Accountant: A. M. Knight

9 GRACECHURCH ST., LONDON, E.C.3

THE Commercial Banking Company of Sydney, LIMITED

(with which is amalgamated the BANK OF VICTORIA, LTD.)

ESTABLISHED 1834. INCORPORATED IN NEW SOUTH WALES WITH LIMITED LIABILITY

Authorised Capital £12,000,000 0 0
Capital Paid up ... £4,739,012 10 0
Reserve Fund ... £4,300,000 0 0
Reserve Capital ... £4,739,012 10 0
£13,778,025 0 0

Total Assets
30th June, 1937 ... £64,390,674 0 0Head Office: Sydney—343 George Street
General Manager: C. Darvall

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Established 1810

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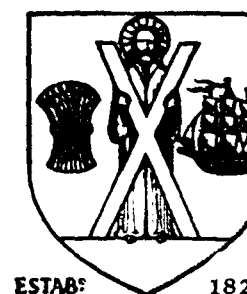
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SCOTLAND

ESTABD 1825

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Subscribed Capital ...	£3,000,000
Paid-up Capital ...	£1,200,000
Reserve ...	£400,000

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THE EARL OF SELBORNE, K.G., G.C.M.G.

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ESTABLISHED 1911

Head Office: BOMBAY

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Reserve and Contingency Fund	Rs. 70,00,000

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ALIGARH	HAPUR	NEW MARKET
ALLEPPEY	HARDOI	OKARA (CALCUTTA)
AMINABAD	HATHRAS	PADRAUNA
(LUCKNOW)	HYDERABAD	PHULERWAN
AMRITSAR	(DECCAN)	RAICHUR
ARIFWALA	HYDERABAD (SIND)	RANGOON
AURANGABAD	JAGRAON	RAWALPINDI
BARA BAZAR	JALNA	SAILU
(CALCUTTA)	JAMNAGAR	SAMBHAR LAKE
BASTI	JAMSHEDPUR	SANGLA
BATALA	JARANWALA	SARGODHA
BHAWANIPORE	JULLUNDUR	SECUNDERABAD
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COIMBATORE	LYALPUR	SURAT
DABVALI	MADRAS	TANDLIANWALA
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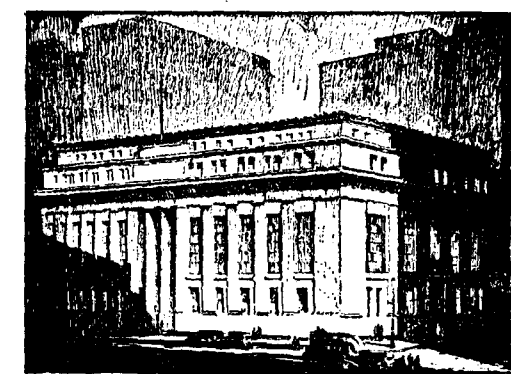
Paid-up Capital:	Zl. 150,000,000
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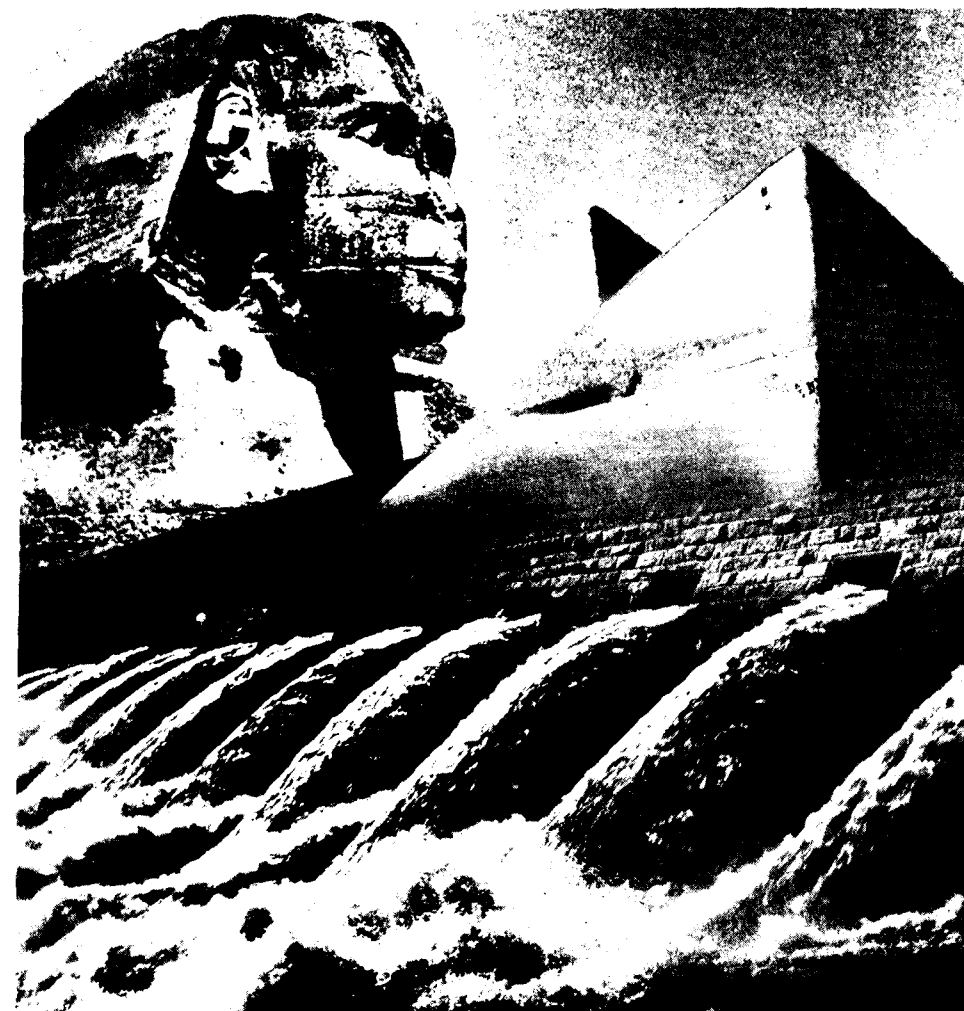
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EGYPT

THE ECONOMIST

Introduction

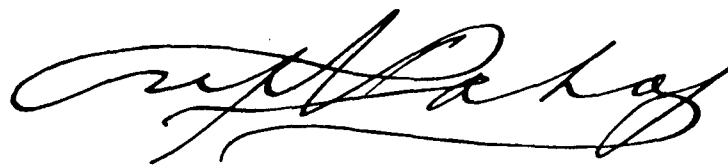
by

His Excellency Mustapha El-Nahas Pasha, Prime Minister of Egypt

With much pleasure I convey to *The Economist* my fullest appreciation of the initiative they have taken in publishing this special number in the interests of Great Britain and Egypt. Since the conclusion of the Anglo-Egyptian Treaty of Alliance and Friendship, fifteen months ago, we have begun, on both sides, to put its execution into effect with equal loyalty and in a spirit of complete mutual understanding. To do so has been all the easier because the Treaty was a response to an urgent reality, and above all was intended to foster and maintain that peace on the preservation of which it is the duty of every country to keep a jealous eye.

On our side we are proud, within the framework of our complete independence and under the aegis of the mutual alliance, to co-operate with the peoples of the world in ensuring an era of constructive peace. Let us hope that one day there will rise on this troubled world the star of good hope that will shed on the hearts of men a faith, active and still more active, in the noble destinies of humanity.

Egypt, a loyal ally to Great Britain and a sincere friend to all other powers, is fully conscious of her responsibilities. Now that the misunderstandings that separated our two countries in the past have been blown away, and now that she has taken her seat in the Parliament of the Nations, Egypt, equally allied to order and justice, mindful of her constitution and solicitous of an orderly progress, is free to resume the weaving of the web of her history, adding to the prestige of her glorious past the prestige of a no less glorious renaissance into which enters neither empty pride nor paltry vanity, but only the consciousness of her own personality and destiny, and a feeling, no less vital, of her solidarity with Great Britain and all countries of similar good will.



EGYPT

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Modern Egypt

TO those who were nurtured on the Old and New Testaments the name Egypt conveys an association of lifelong familiarity, tinged with something of mystery. Egypt was the refuge of Jacob and his sons in their days of famine, the scene of the romances of Joseph and of Moses, the victim of the awesome plagues, the land of bondage and of thrilling escape, and, still later, the refuge of another Family, escaping from yet another oppression. These and other happenings have long acquainted us with Egypt, its mysterious river, its majestic and haughty Pharaohs, its stately priests and occult religion, and to many of us, in many countries, it has become almost a second fatherland. Shakespeare's immortal tragedy of Antony and Cleopatra, the mysticism of Hypatia, the wizardry of the Thousand and One Nights, the fanaticism of Saladin, the piety of St. Louis, tales of Soldans, Nubian slaves, Caliphs and mamelukes—all these have strengthened the appeal and increased the charm of Egypt's name. In our own times Egypt has been the scene of a keen political strife, the begetter of a problem whose solution baffled many a statesman, and whose elements were known to few. Last year a solution was found under the stress of international facts—"chiels that winna ding." Is that solution final, or is it but one phase more in a story, the half of which is still untold?

What is Egypt to-day? Geographical treatises tell us that it is a land in the North-East corner of Africa, extending from the Mediterranean in the North to the parallel of Wadi Halfa in the South, a length of 655 miles; and from Libya in the West to the Red Sea and the frontiers of Palestine in the East, a breadth varying between 550 and 750 miles; with a total extent of 387,000 square miles. Not all, however, of this territory is habitable, but only a narrow strip, "the gift of the Nile," as Herodotus told us over two thousand years ago. Every cubic yard of this soil has been brought down from Central Africa by the silt-laden flood of that mighty river, and deposited in the shallow trough that an older Nile etched for itself in the bleak and sterile limestone plateau of the Saharan desert. This fertile tract—sometimes but a few hundred yards and never more than 15 miles wide, till it reaches Cairo, where it expands into the fan of the Delta, a circular segment of 110 miles radius and 170 miles arc—covers 12,400 square miles, or 7,667,000 acres in all. There it is that—apart from a few scattered oases and valleys in the desert, where a scanty supply of underground water fosters a precarious agriculture—the people of Egypt live, and thence they draw their sustenance, which is also the gift of the Nile. Without that river's beneficent flood, hardly a green blade would flourish in the country. South of Cairo rain is practically unknown and between there and

the sea it is too uncertain to admit of the cultivation of cereals.

On these 7½ million acres (6 millions of which have been brought under cultivation, while 1½ millions still await development by irrigation) lives and toils a population of 16 million souls. A quarter of a million of them are subjects of foreign powers, and the rest are Egyptian subjects. Behind them lie fifty-two centuries of recorded and much more of unwritten history. For even when the invention of writing began the marvellous series of sculptured records that endure to-day, the Valley of the Nile had already been inhabited for thousands of years. And the race that lived there in 3340 B.C. had already made large strides towards modern civilisation.

Isolation and an almost unchanging environment have produced a remarkable homogeneity in the Egyptian people. Apart from the Berbers or the Nubians of the far South and the sparse Arabs of the desert, there is little difference in appearance or in character between the inhabitants of the North and of the South. This racial homogeneity is most marked among the Copts, the oldest Christian community in the world, whose religion has placed bars in the way of intermarriage with foreigners. It is well marked, also, among the fellahin, who form the great bulk of the population. Many of the Moslem upper classes, however, show traces of descent from Turks, Circassians, Georgians and other foreign races.

Agriculture is now, and is likely to continue for some considerable time to be the principal industry of the country. Of the adult male population, 60 per cent. are directly employed on the land; 4 per cent.—a high proportion—are employed in the public service, including local government and the railways; 2 per cent. practise professions and 22 per cent. are engaged in transport, commerce and industry. The population is increasing faster than productivity of the soil. Consequently, it has been a cardinal point of the policy of every Government to initiate and nourish new industries, and to provide a better standard of living, either by producing goods that can be exported against an import of food, or by replacing imported manufactures by non-indigenous foodstuffs. Economic policy, however, remains mildly protectionist, with the Customs tariff imposed mainly for revenue purposes. Egypt is not rich in natural resources, apart from the remarkable fertility of her soil, aided by unfailing sunshine and an adequate water supply. Cotton, grains, sugar and onions are her staples, though there is also a flourishing cigarette industry which uses foreign tobacco and some export of phosphates and manganese when prices are favourable.

Politically, Egypt has been a sovereign independent State since 1922, when

the British protectorate, proclaimed in 1914, was declared at an end. A constitution was granted in the following year, under which Egypt is governed by a king, with a bicameral parliament. Half the members of the Upper and all of the Lower House are elective, and the remainder are nominated by the Crown. As the suffrage is restricted to adult males, with a property qualification, the Lower House, inevitably, is strongly agrarian in composition.

The defence of Egypt's wide frontiers is entrusted to a small army, a single division strong, and a few gunboats, mostly for coastguard purposes. Strategically, Egypt has always been at the mercy of any power commanding the sea or an advancing army from the North-East or North-West with the parallel support of a sea force. All invasions have come from these two directions. Times have changed since Napoleon called Egypt "strategically the most important country in the world." The submarine and the aeroplane have modified Egypt's rôle without wholly destroying her attraction for a would-be world conqueror. To what, then, has Egypt, strategically important and geographically weak, owed her immunity from foreign aggression for over a century? The answer is that, from the Napoleonic era up to the British occupation of 1882, Egypt owed her defence indirectly to the supremacy of the British fleet. From 1882 to 1937 the aid of the Navy's "sure shield" was more clearly visible. And last year saw the conclusion of a Treaty of Alliance and Friendship between the two countries under which we guarantee on ally and friend against foreign aggression. The British Empire needs Egypt as a friend and Egypt needs the Empire so long as Great Powers desire to find colonial outlets.

The conclusion of the Treaty marks the end of the old dispensation to Egypt. The change has been signalled by the appearance on the throne of a young ruler, heir of a glorious past and a pioneer, one may hope, of a still happier future. The religion of the ancient Egyptians held that the souls of good men, after a period of 3,000 years of trial, were reincarnated on earth as a stage towards their ultimate perfection. For nearly 3,000 years, until 1937, Egypt's independence had been lost to one or another power. May we look on the appearance of a young and independent monarch as her own reincarnation? And may we close with a suggestion? Just as the politico-strategic interests of the two high contracting parties to the Treaty are identical, so at bottom, are their economic interests. Is there no statesman prepared to recognise this fact and admit Egypt to position comparable with that of the Ottawa countries, not as a member but as an associate of the British Empire?

The Treaty and the Capitulations

(By His Excellency Dr Hafez Afifi Pasha, Egyptian Ambassador in London)

IN the midst of the present international difficulties the conclusion of the Anglo-Egyptian Treaty of Alliance and Friendship is certainly a happy event. This Treaty, which was signed in August, 1936, has, besides terminating the military occupation, recognised the sovereignty of Egypt in dealing with her own internal affairs as well as in her foreign policy. More than that, it has consecrated between the two signatories an alliance based on mutual friendship which is in no way beset by any fundamental differences. Internally, Egypt has resumed her liberty in protecting the foreign communities residing within her boundaries which was originally reserved by the Declaration of 1922 to Great Britain. Externally, Egypt has gained her admission to the League and has begun to play her rôle in the concert of independent nations.

The Treaty has also settled the points which were the cause of friction between Great Britain and Egypt. As to the Sudan, which proved an obstacle in the way of agreement in the past, a solution was arrived at which, though temporary, will help to remove the cause of misunderstanding in the future. Also, I am confident that the friendly atmosphere created by the Treaty will help the two countries to find a permanent solution to this and other important questions.

The Treaty, like most similar conventions, was a result of compromise. Time and experience alone will show the points which are in need of re-examination, but with understanding the other's viewpoint, each of the signatories will be able to meet the changes, when the necessity arises, with the same friendly spirit that dominated their last negotiations for the Treaty. The latter is undoubtedly a workable agreement, which has removed some grave causes of difference; and in fact, considering the short period which has elapsed since its conclusion, it has already helped to create a beneficial effect in the relations between the two countries. Now that the different causes of friction are removed and the independence of the country guaranteed, both Government and people are beginning to appreciate their co-operation in cultural, political and commercial spheres.

Another important act was the signature of the Montreux Convention in May last, which brought to an end the system of Capitulations. This medieval system of Capitulations, which were originally concessions made by the Sultan of Turkey in treaties concluded

far back in the sixteenth century, and which Egypt inherited through her association with Turkey, exempted foreigners from paying taxes without the consent of their Governments, and made it illegal for the Egyptian Government to enact any law applicable to foreigners, whether fiscal or administrative, without the same consent.

This is not the place for stating some or all of the difficulties which Egypt used to encounter as a result of these Capitulations. It is enough to say that they encroached on Egypt's enjoyment of her sovereignty and were a source of hindrance in the way of the country's development and progress.

The success of the future is undoubtedly dependent on the spirit in which the Treaty is going to be executed. We on our part are determined to carry out our responsibilities loyally and faithfully,

and we are happy to find that the same spirit of fair play and understanding dominates in Great Britain.

Egypt is conscious of the heavy responsibilities which she is facing. There is a vast programme of varied social reforms to be carried out, consisting of education, public hygiene, town planning and road building. As a result of the Treaty there is the question of reinforcing and reorganising the present small army. These schemes entail heavy expenditure and demand from our statesmen and public men great and herculean efforts, but I am confident that, with sincere endeavour, vision and unity, we shall succeed in accomplishing our aim.

We hope that the era of our young and beloved King will be a happy, progressive and prosperous chapter in the history of our ancient country.

His Majesty
King Farouk I.



The Government's Economic Programme

(By His Excellency Makram Ebeid Pasha, Minister of Finance)

THERE is in Egypt no Ministry of National Economy, but its functions are shared by the Ministries of Finance, Commerce and Industry and Agriculture. Since most schemes for national economic development, however, ultimately involve questions of finance, in the last resort it becomes the duty of the first of these three Ministries to examine conflicting schemes, to support the most promising and to co-ordinate them in inception and execution. In a comparatively young country—for Egypt is young in the matter of modern economic development—the difficulty is not so much to find schemes for improving the country's welfare as to select from the large number available. All Governments are agreed on the need for this development, but not all are agreed as to the best selection; and the emphasis laid on particular items gives a Government the particular colour it chooses to wear.

The purpose of the present article is not to outline a detailed programme, to be carried out within a definite time, such as five years. It is

designed rather to lay down on broad lines the economic objectives at which the present Ministry is aiming.

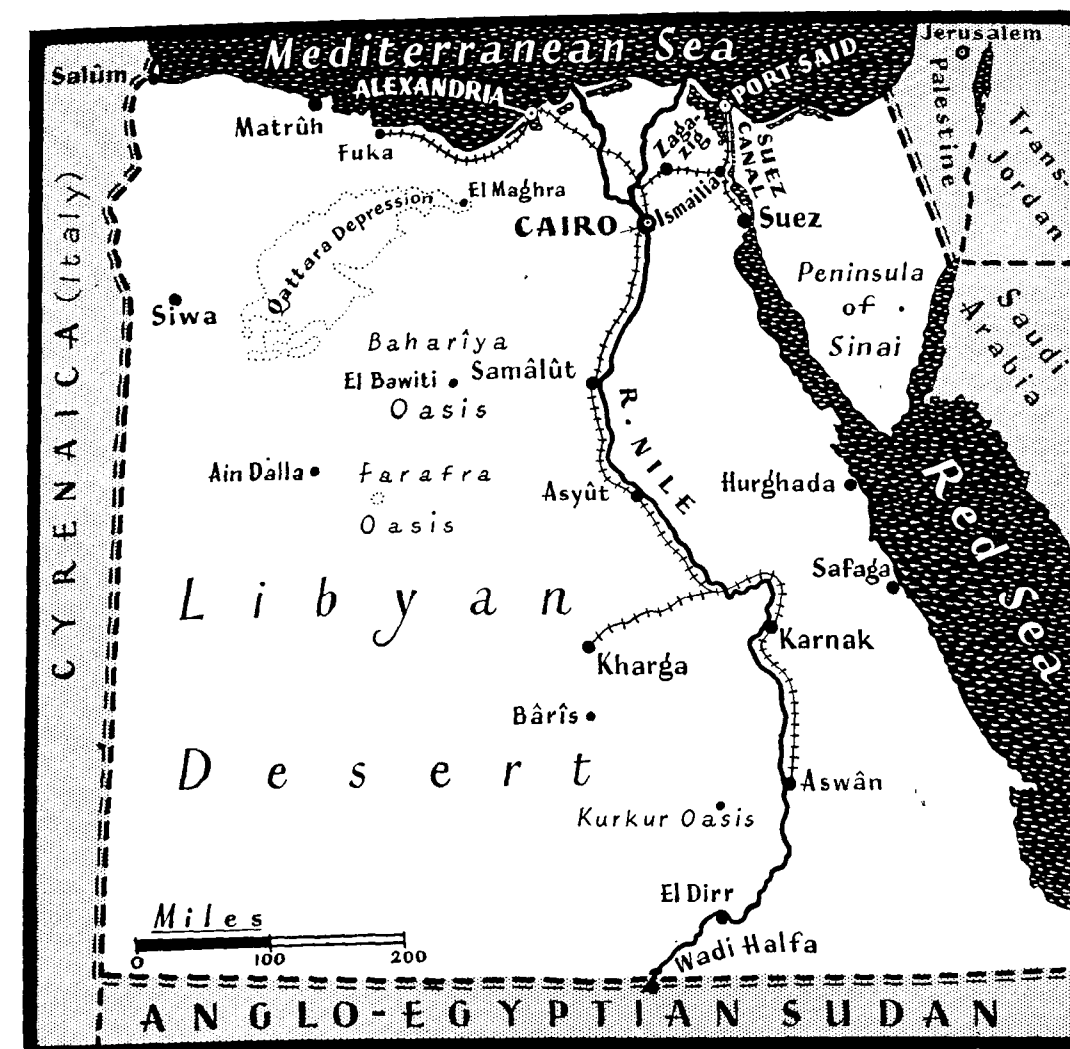
In the first place there is no intention of interfering with the present position of the currency, although agitations are from time to time started by interested parties to have Egyptian money devalued to their exclusive advantage. It is fully recognised that such a step could only react to the detriment of the country as a whole.

The general economic policy of the Government is determined by two main factors: first, the Government's obligation conscientiously to fulfil the terms of the Treaty, including the means to secure the defence of the country; and, secondly, its earnest desire to improve the standard of living throughout all classes of the community. Under the Treaty, Egypt has agreed to carry out certain constructive works, which will enable the concentration of the allied British troops to be effected near the Canal, but will increase their mobility, should the need for their services ever arise. The roads and railways forming

a part of this scheme will have useful economic as well as military advantages. The execution of these works will call for the expenditure of very considerable sums of money in the next few years. As much as possible of this money will be taken from the free and not otherwise earmarked balance of the reserve fund. The remainder, however, must be taken from current resources which will need to be reinforced by additional taxation, especially since the social aspect of the Government's programme has also to be brought into account. But it is the intention of the Government to restrict to the utmost the amount of this necessary evil of increased taxation, and to spread its incidence as equitably as possible over different classes. For this purpose a small committee has been set up to examine different systems of taxation and to report on those best adapted to the needs of Egypt.

The principal plank of the programme, however, is the urgent need for social reforms. It is calculated that the average income per head of popu-

THE KINGDOM OF EGYPT



Above—H.E. Mustapha El-Nahas Pasha, Prime Minister



Right—H.E. Makram Ebeid Pasha, Minister of Finance

lation hardly attains £12 per annum, against some £100 in Great Britain. There is no exaggeration, therefore, in the statement that a very large proportion of the Egyptian people lives in conditions of grinding poverty—material, intellectual and moral. It is the earnest desire of the Government to do what is humanly possible to relieve the misery of this stratum of the population, who are chiefly agriculturists. Hence, an agrarian policy to increase the return which they wring from the soil, by a labour that is not equalled amongst other agriculturists elsewhere, comes necessarily first in the Government's programme. It has hitherto been an anomaly of the country that while the producer of cotton could barely make a living out of it, its distributors were able to amass handsome fortunes. To help the producer to withstand the pressure to sell cheaply, which an urgent need for ready money has frequently caused, a policy of advances on cotton, wheat and other produce has been placed in the forefront of policy, and the credit institutions already in existence have been strengthened. This will do much to kill the usury that has hitherto battered on the produce of the fellahin's toil.

Still on the material side, measures are in hand to increase the number of general and special hospitals throughout the country. In view of the spread

of medical knowledge, the day is long past when it was necessary to urge patients to attend the hospitals. The crying need now is not for patients but for more hospital accommodation. Simultaneously, steps are being taken, on the prophylactic side, to stop the ravages of such diseases as malaria, ankylostoma and ophthalmia by removing their causes.

Measures have further been prepared for increasing the amount of land in the hands of the people by selling gradually to approved cultivators those portions of State land which are brought under cultivation thanks to the increased supply of water and its corollary, increased drainage.

The intellectual and moral needs of the people are being cared for by the extension of primary education, as rapidly as the supply of efficient teachers and buildings can be arranged. But the Government is not unaware of the danger of creating a class of educated unemployed, and it is directing its attention to the problem of finding openings for the skilled technicians who are being turned out by the intermediate and higher schools and colleges. Hitherto the chief outlet for such trained men has been the civil service, but it is recognised that this process has now reached its optimum extension, and that other careers must be found for these youths. Hence attempts are being pursued to create

new openings for them in transport, commerce and industry. In particular, new industries are being encouraged by the direct assistance of cheap capital and the indirect assistance of a protective tariff that is still so moderate that the consumer's purchasing power is left unimpaired.

Moreover, while there is grateful recognition of the advantage accruing to the country from the establishment of industries and commercial undertakings with the aid of foreign capital, it is considered that the time has now arrived when concessions of this nature can conveniently be taken over by Egyptian capital, as they fall in. Accordingly, notice has been given of the termination of some of these concessions. In the same order of ideas, companies whose concessions have still long terms to run, such as the Suez Canal, have been approached and asked to increase the opportunities for Egyptian youth in their service.

Space does not permit of enumeration of other ways in which the financial powers of the Government are being used to improve the social conditions of the people. It may be hoped, however, that this brief recital has been sufficient to show that the Government's policy reflects a sincere desire to combine enterprise with wise moderation, in a consistent endeavour to raise the standard of living of the Egyptian people.

Structure of the State

ON March 15, 1922, Great Britain ended the protectorate which had been proclaimed over Egypt in 1914. Thus, after an interval of over 2,000 years, Egypt became a sovereign independent State once again. In 1923 a Constitution, modelled on that of Belgium, was granted by King Fuad I, and under it the country is governed by a king, with a Parliament of two Houses, the Chamber of Deputies and the Senate. The monarchy is hereditary, and the King acts through a Council of Ministers, appointed and dismissed by him, but responsible to Parliament. A brief description of Egypt's administrative system may throw an interesting light on the position at the coming into force of the Anglo-Egyptian Treaty this year. The following review is specially concerned with the financial aspect of Egyptian administration.

The administration is divided into *Legislature*, exercised by the King with the two Houses of Parliament, *Executive*, by the King acting through his Ministers, and *Judiciary*. The last branch consists of (1) National Courts; (2) Mixed Tribunals; (3) National Courts of Personal Status; and (4) Consular Courts. The National Courts try civil and criminal cases in which alone Egyptians and non-capitulatory subjects (with some exceptions) are concerned. The Mixed Tribunals try all civil and commercial cases between (a) foreigners of different nationalities; (b) foreigners and Egyptians; and (c) foreigners of the same nationality, if the dispute concerns real estate. Consular Courts try other cases between their own nationals and criminal cases in which the accused is of their nationality. In consequence of the abolition of the Capitulations, criminal jurisdiction of Consular Courts is now transferred, with certain reserves, to the Mixed Tribunals, and the latter are to be abolished after twelve years. Certain Consular Courts, however, still retain jurisdiction in cases of personal status.

Ministers need not be members of either House of the Legislature, though in practice they generally have seats. The suffrage rests on a property qualification, and no person other than an Egyptian subject with a certain minimum of property is eligible for election. The Senate is half elective and half nominated by the Sovereign. Parliaments are quinquennial, but may be dissolved by the Sovereign. Members are paid £400 a year, and are expected to attend all sittings or give sufficient reason for their absence.

Each year's Budget contains a detailed estimate of both revenue and expenditure, and it must be laid before the Chamber three months before the financial year begins, on May 1st. Until

recently the Government had no right to impose new taxes upon foreigners without the consent of their Governments. Fiscal legislation was greatly impeded by this restriction, which was based on the Capitulations, though the difficulty had been lessened by the delegation of power to accept fiscal legislation to the Assembly of the Mixed Tribunals. The Government, however, was reluctant to compel its own nationals to pay taxes which it could not impose, as of right, on foreigners. To this may be partially attributed the inelasticity of Egypt's fiscal mechanism. The Minister of Finance first estimates his revenue and the Council of Ministers trims expenditure to conform with the available resources. Thus, Egyptian Ministers must cut their coat according to their cloth, while the British Chancellor of the Exchequer, more fortunate, is able first to accept a design for his coat and then to demand the cloth to make it.

Egypt's fiscal system rests on two main bases. The first is the system of direct taxation of agricultural land and of houses in the cities and principal towns. The second comprises a long list of indirect taxes on all imported and on a few exported commodities, with countervailing excise duties on certain domestic products. On present figures, some 16 per cent. of the revenue is derived from land tax, 3 per cent. from house tax, 26 per cent. from general Customs duties, 18 per cent. from tobacco duties and 5 per cent. from excise. Thus, some 68 per cent., in all, is raised by taxation. The balance accrues from various sources, such as shipping and judicial and registration fees (which produce 7 per cent. of the total); profit on the State Railways, Posts, Telegraphs and Telephones and State Domains (8 per cent.); and interest on investments, participation in the note issue profits of the National Bank of Egypt and in the earnings of various concessionary companies, together with miscellaneous receipts (11 per cent.). The balance is made up by Stamp duty, which is in reality a deduction from salaries, pensions and payments to contractors for work done, which was imposed in 1931 as an emergency measure and has never been rescinded, and by the contributions of permanent employees towards their pensions—an item whose treatment as current revenue is naturally a subject of recurrent criticism. Income tax does not exist, and would be difficult to control in a country where the majority of the commercial community keeps no books. An extensive scheme of business and professional taxes, stamp duties and succession duties is under discussion. It is frequently questioned, however, whether Egypt would not benefit

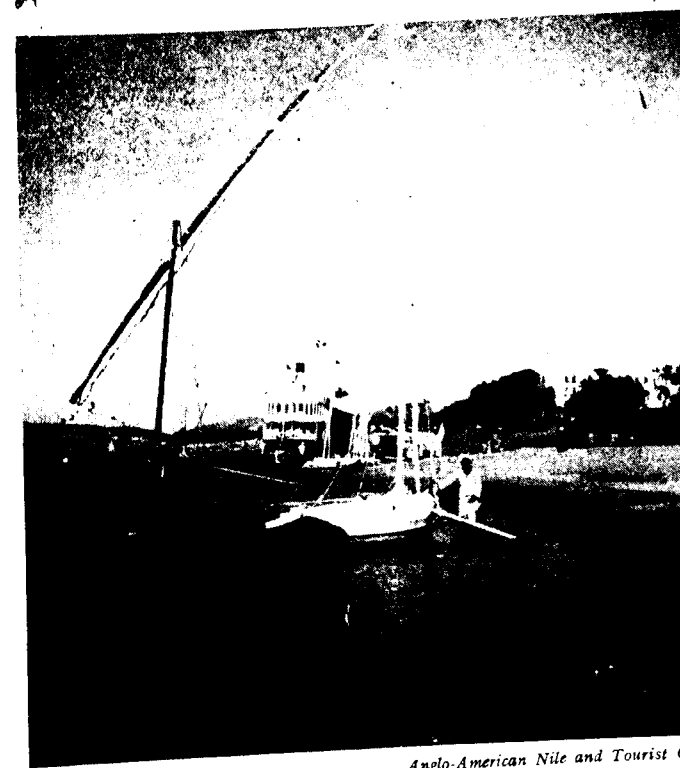
from a measure of redistribution of the incidence of taxation.

On being tabled, the Budget is at once referred to the Financial Committee of the Chamber, which considers it in minute detail, and seldom terminates its analysis before the beginning of the financial year. It is then scrutinised by the Chamber as a whole, and, finally, by the Senate. It may be, and often is, referred repeatedly back and forward, with consequent delay, which has resulted, on occasion, in failure to pass the Budget before September. Undoubtedly, this procedure would be improved by simplification.

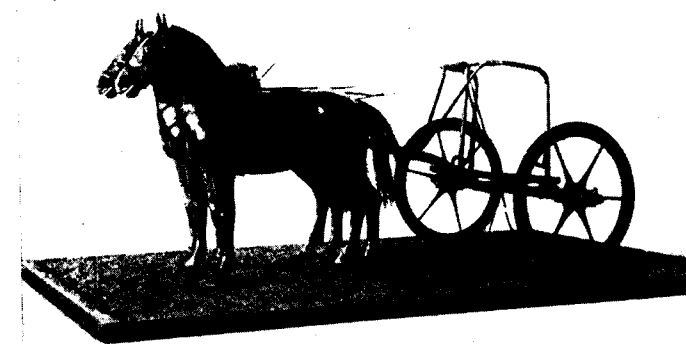
The Executive is not dissimilar to that in many other countries, but the delegation of powers is still imperfectly practised—possibly as a legacy from the days of British control. This tendency affords matter for regret; since the creation of a strong, efficient and loyal civil service is impeded so long as officials are not able and willing to accept responsibility for their own acts and for those of their subordinates.

The country is divided into 14 provinces, each under a *mudir*, responsible to the Minister of the Interior, and 5 governorates, each under a governor, who is similarly responsible. A further sub-division is made into some 90 districts, which again are sub-divided into over 3,000 circumscriptions, or villages, the actual units of administration. Each village is ruled by an *omda*, or headman, who is always a prominent local landowner. The *omda* is assisted, for fiscal purposes, by a *sarraf*, or treasurer. Within this organisation a number of self-governing local bodies and municipalities exist, notably that of Alexandria. Local government, however, is still in its infancy in Egypt, though it is doing good work in training men in statesmanship.

Only an Egyptian subject can hold a permanent post under the Government. A considerable number of foreigners, in fact, hold office under contract, for five years at most, but none is now being appointed unless no Egyptian can be found who is sufficiently qualified. For the most part, foreign subjects, chiefly British, are found in the State Railways, the Ministry of Education, on the bench of the Mixed Tribunals, in the Survey Department and in the Police. Usually these officials serve directly under an Egyptian chief. The system appears to be working in a satisfactory way, and a new class of Egyptian civil servant is arising who will bear comparison with his colleagues of any other nationality whatsoever. This consideration is subject to what has been said, earlier, on the delegation of powers. But it is encouraging, nevertheless, for the future of Egyptian administration.



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Public Finance

THE rôle of public finance in Egyptian administration has been indicated in the preceding article. We propose, in the article which follows, to discuss Egypt's financial position in greater detail. Its ministerial and Parliamentary setting may be briefly described. The financial year extends from May 1st to April 30th. The Budget is an estimate of revenue and expenditure in the ensuing year, and deficits and surpluses result in deductions from or additions to the reserve fund. Parliament, of its own initiative, may reduce the estimated expenditure; but only a minister may introduce a proposal to increase it. If unforeseen events necessitate supplementary estimates, and if Parliament is not in session, their authorisation falls within the competence of the Council, subject to sanction as soon as the House meets. In theory the accounts are closed on April 30th; in practice suspense accounts are kept open, into which pass payments for liabilities incurred, but not liquidated, during the year.

Figures for the last decade are given in Table I at the foot of the page.

These figures show clearly the effect of the depression on the revenue, which for four years was too optimistically forecast. On the other hand, there has been a regular failure to reach the estimated expenditure.

THE PRESENT BUDGET

The Budgets for 1936-37 and 1937-38 are shown in summarised form in Table II.

The estimates for 1937-38 balance at £36,992,000, an increase of £1,842,000 over the expenditure of last year. The chief items of increase are £1,000,000 (nearly) for War and Marine, due to works in part execution of the Treaty; £180,000 extra on Public Health; £547,000 on Public Works; and £388,000 on Education. The additional expense on national defence is more than compensated by the volun-

tary contributions of the national defence subscriptions. An extraordinary Budget is to be presented later, however, for the main expenditure arising under the Treaty, which will be met out of increased taxation and a draft on the reserve. The State Railways, Telegraphs and Telephones have budgets balancing at £7,021,000 against £6,920,000 last year. The Egyptian University and Royal Library have independent but small budgets, which are not included above.

THE PUBLIC DEBT

During the reign of the Khedive Ismail Pasha, the Public Debt of Egypt increased from £E4 millions to over £E100 millions. The annual charge of £E8 millions was quite beyond the means of the country at that time. After the ensuing default an international body, called the *Caisse de la Dette Publique*, was set up in 1876 to administer the revenues assigned for

TABLE I.—BUDGETARY AND FINAL FIGURES
(Million £E)

Year to April 30th	Revenue		Expenditure		Balance	
	Estimated	Realised— Excess (+) or Deficit (—)	Estimate	Realised— Excess (+) or Deficit (—)	Realised— Surplus (+) or Deficit (—)	
1927†	40.25	+ 1.69	43.80	— 4.82	+ 2.96	
1928	38.92	— 0.35	39.35	— 3.97	+ 3.18	
1929	37.53	+ 2.58	42.27	— 5.04	+ 2.89	
1930	47.41	— 5.52	48.76	— 7.63	+ 0.76	
1931	44.91	— 6.33	46.86	— 5.64	— 2.64	
1932	39.32	— 1.55	40.69	— 3.70	+ 0.78	
1933	37.49	— 0.35	39.15	— 3.20	+ 1.19	
1934*	36.40	+ 0.84	37.18	— 2.27	+ 2.33	
1935*	36.24	+ 2.15	38.28	— 2.10	+ 2.21	
1936*	37.43	+ 1.84	40.94	— 1.90	+ 0.23	
1937*	40.59	— 0.37	41.55	— 2.20	+ 0.87	
1938*	42.53	...	42.53	...	...	

* The State Railways, Telegraphs and Telephones were given separate budgets as from 1933-34, but their figures are included here for comparative purposes. † Thirteen months.

TABLE II.—BUDGETS OF 1936-37 AND 1937-38

REVENUE			EXPENDITURE		
	1936-37 (£E000)	1937-38 (£E000)		1936-37 (£E000)	1937-38 (£E000)
Land Tax	6,301	6,272	Civil List, Parliament, Council, Advisers	765	738
Customs Department	17,203	17,756	Foreign Affairs	256	262
Various dues	1,872	1,851	Finance	3,707	3,779
Judicial, etc., fees	1,834	1,789	Commerce and Industry	292	276
Share in receipts of Railways, Telephones and Telegraphs	1,487	1,486	Education	3,717	4,105
Post Office	775	831	Interior	3,977	4,013
State Domains	708	720	Public Health	2,889	3,070
Military Exemption	60	70	Justice	1,704	1,721
Gharf cess	674	421	Public Works	6,875	7,222
Pension contributions	600	600	Agriculture	933	947
Investments, etc.	1,464	1,454	Communications	1,813	1,777
School Examination fees	545	624	War and Marine	2,082	3,749
Motor-car tax	260	300	Pensions and Indemnities	1,868	1,749
Miscellaneous dues	1,823	1,937	Public Debt	4,195	4,194
Extraordinary Receipts:			Various	80	64
Sale of land	137	333			
Other receipts	59	82			
Dues in suppression of octroi	351	386			
Voluntary subscriptions to National Defence	...	1,100			
Total	35,153	36,992	Total	35,159	36,992

TABLE III.—THE PUBLIC DEBT

	1885	April 30, 1937
Unified debt 4%	£59,000,000	£55,250,460
Preference debt 3½%	29,400,000	30,833,980
Guaranteed Loan 3%	9,424,000	2,376,800
Total	97,824,000	88,261,240

* Subsequently increased by £14 millions

TABLE IV.—OTTOMAN LOANS

	Original amount	Outstanding April 30, 1937
Ottoman Loan of 1891 4%	£6,316,920	£3,029,920
Ottoman Loan of 1894 3½%	8,212,340	4,491,480
Total	14,529,260	7,521,400

TABLE V.—ANNUITIES

On account of	Amount £E	Redeemable by
Helwan Railway Bonds	5,310	1939
Qena-Aswan Railway Bonds	24,750	1980
Port Said-Ismailia Railway Bonds	19,931	1968
Suez Dredging Works	1,600	1968

TABLE VI.—THE RESERVE FUND

	£E
Frozen:—	
Investments (at cost)	500,000
Agricultural loans	338,908
Cotton loans	40,619
Advances:—	
Credit Agricole	2,000,000
Landowners	1,304,754
Credit Hypothecaire	1,036,995
Industrial loans	907,668
Co-operative loans	132,205
Ministry of Works	91,169
Owing by mortgage debtors	2,684,717
Total, Frozen	9,037,036
Liquid:—	
Investments (at cost)	18,040,547
Cash	6,988,733
Total, Liquid	25,009,280
Total, Reserve Fund	34,046,316

the service of the debt. Table III shows the figures at which the debt was finally classified and adjusted in 1885, and also its present amount.

The Egyptian Government, in addition, is legally responsible for the payment of the two Ottoman Loans, as shown in Table IV.

These outstanding amounts are largely offset by the holdings of the Treasury (£13,682,051), *Caisse de la Dette* (£1,846,160) and Postal Savings Banks (£3,572,061)—a total of £19,100,272.

The Treasury is further liable for certain annuities (Table V), and there are liabilities outstanding in respect of the two local loans of 1933 (the 4½ per cent. loan of £1,629,700 redeemable by 1943 and the 4 per cent. loan of £216,000 redeemable in 1938), but these are offset by the Government's share in the mortgage repayments by landowners for whose benefit the debts were incurred.

For the past fifty years the Government's policy has been to finance public works out of revenue and not by loans. The finance of the Aswan Dam was only an apparent exception, for it was paid for on the instalment

plan out of the increased revenue created by the extra supply of water. Against its liabilities, the State holds remunerative assets, including the Railways (valued at over £E35 millions), the Telegraphs and Telephones (valued at £E3½ millions)—both figures being subject to depreciation—and its reversionary interest in the Suez Canal, which will become the absolute property of the State in November, 1968.

THE RESERVE FUND

Besides its earning assets, Egypt has a reserve fund of £E34 millions. This originated in the earlier period of the *Caisse*, in provision for a possible rainy day; but later, as Egypt's finances became stabilised, it became a form of provision for ultimate capital expenditure, especially on the gigantic irrigation programme of 1904. Much of that programme, however—e.g. the two raisings of the Aswan Dam and the construction of the Gebel Awlia Dam—has been financed from revenue, and the reserve has lately tended to be a means of providing cash for operations which in London would be appropri-

ately financed by special loans. Finally, some of the cost of the works made necessary by the Anglo-Egyptian Treaty is to be met from the Reserve Fund, whose position at April 30, 1937, is shown in Table VI.

The liquid investments of the fund include Egyptian Public Debt (£E9,869,625); British War Loan (£E5,846,457); Belgian Treasury Bonds (£E585,099); and various securities (£E1,739,366). Their market value exceeds the total by £E4½ millions.

Clearly, Egyptian public finance is on a sound footing, a heritage from the bygone days of British control. The Budget is normally balanced, and there exists a large and sufficiently liquid reserve to meet unexpected demands. The country passed through the War without any augmentation of its public debt and, more recently, successfully weathered the economic blizzard of 1929-32. The public debt and its annual charge do not exceed, *per capita*, £E6.5 and P.T. 32, respectively. For Egypt, if for any country, immediate financial prospects seem bright—although the country has been caught, *nolens volens*, in heavy expenditure on armaments.

Giza 7

THE new variety of Egyptian cotton, "Giza 7," epitomises in a striking way the whole of the work of scientific cotton breeding done by the Botanical Section of the Egyptian Ministry of Agriculture. Most countries now carry on plant-breeding research, for the discovery of improved varieties of their particular crops. These efforts are organised in various ways, and have resulted in varying degrees of success.

In Egypt, the Botanical Section of the Ministry of Agriculture, soon after the war, laid its plans for research work on a large scale, and its work under a varying personnel, which includes several English experts, has now reached a high pitch of efficiency.

The story of its main achievements starts about 1920, when the Egyptian cotton crop was divided into Ashmouni, grown in Upper Egypt, and Sakel,

grown in the Delta; with a few unimportant other varieties. At that time improvement was mostly directed towards increasing the purity of these varieties by bulk selection and the elimination of off-types. Single plant selection soon showed that individual families of single-plant origin could be isolated, and that they showed better qualities than those of the bulk type. As a result of close comparison of these

families, several consecutive replacements of the original bulk seed stocks were made. It appears now that the present Sakel type (Sakha 7) and the present Ashmouni type (Giza 19) probably represent the best possible combination of yield and quality of these particular varieties. The names are taken from the localities of two of the nurseries: Sakha, in the Delta, and Giza, near Cairo.

The production of new varieties, however, was a separate and more difficult problem. Sakel, in particular, has numerous defects as a type. It has a relatively low yield, and when ginned it gives a low proportion of lint to raw seed cotton. Further, it offers no resistance to *Fusarium* wilt, the principal fungus disease which attacks cotton in Egypt. Several new cotton varieties produced since the war, such as Pilon, Casuli, Nahda, Fuadi, and Maarad, have claimed to be superior to Sakel in one or other of these respects. None of these varieties, however, has been grown on an area comparable with the 160,000 acres on which Sakel is still grown to-day. It was left to Giza 7 to capture the field.

About the year 1921 the plant from which the present Giza 7 has descended was first picked out. The plant was selected from a field of Ashmouni in Upper Egypt for its superior quality, and compared with large numbers of other choices. Not until 1925 was it realised that this particular family had unusually good qualities. A small bulk of it, about one-quarter of an acre, was first grown on the Botanical Section's farm at Giza in 1926.

Its further progress is a record of the successive stages through which a new variety of cotton must needs pass. The first stage is the further testing on a larger scale by the Botanical Section, in comparison with existing varieties. This occupied the years 1927, 1928 and 1929, during which increasing quantities of seed were raised. The breeders were now satisfied that the new variety justified propagation on a larger scale, and their next step was to endeavour to spread the knowledge of its possibilities among growers, "the market" and the spinners. Here, inevitably, a difficulty arose. The large-scale growth of any new variety of cotton must necessarily be at the expense of one or more of the existing varieties. The conservatism of growers must be overcome; and in the case of spinners, the more serious difficulty arises that part of the existing demand may be met by a type of yarn for which the new variety of cotton may not be entirely suitable. But the large variety of uses for Egyptian cotton ensures at least some outlet for any meritorious new type. Giza 7 became increasingly popular in 1930, 1931, and by 1932 it was well established. Its acreage has now increased to 500,000, and it has won the honour of a futures quotation in both Alexandria and Liverpool. In the latter market, indeed, Giza 7 is now the basis of the only long staple Egyptian contract.

Although Giza 7 has weakened greatly the competitive position of most of the "minor" varieties grown in Egypt (some of which, like Pilon and Nahda, are now extinct), the bulk of it is grown in replacement of Sakel. Admittedly, Giza 7 is not equal to Sakel in quality. It comes sufficiently close, however, to be a reasonably good substitute for many purposes, and a high-grade Giza 7 can always be used instead of, or in a mixing with, a low-grade Sakel. The chief attraction of Giza 7 to the Sakel spinner is its relative cheapness. Its general quality lies between Ashmouni and Sakel, and as no other medium staple cotton had been grown in recent years in Egypt on a very large scale, its uses at the outset were largely unknown. Nevertheless, the fact that trade demand has fully kept pace with the increased growth of Giza 7 suggests that it is meeting a real need.

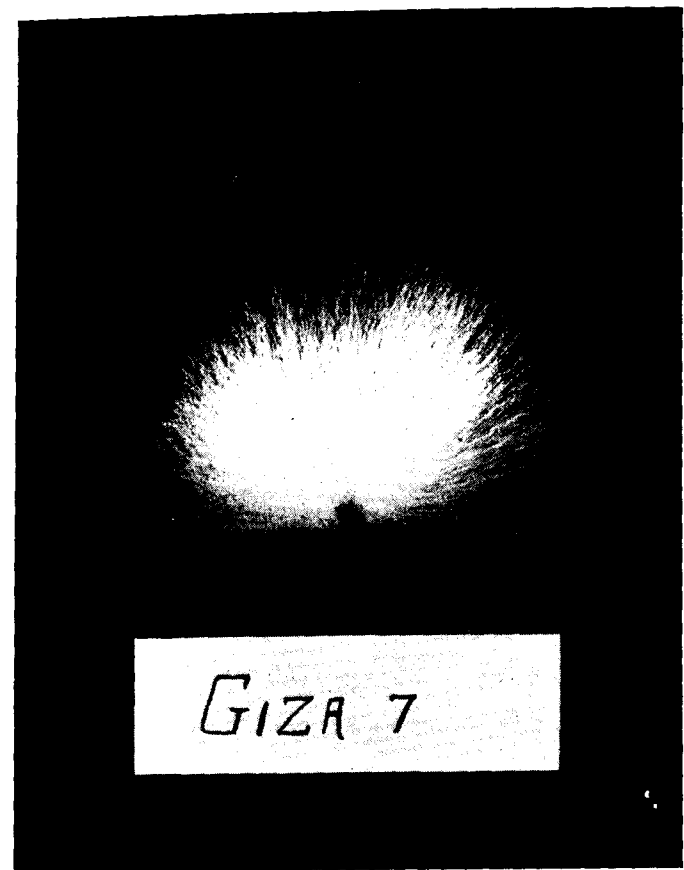
The strength of the competitive position of Giza 7, from the grower's point of view, is that it gives a yield per acre which is from 35 to 40 per cent. higher than Sakel, but sells at a price which is only about 10 per cent. lower. The relative acreages grown in the last three seasons have been as follows:—

	1935	1936	1937
Sakel	297,127	162,072	161,330
Giza 7	269,795	407,022	519,719

In 1935, the acreage under Giza 7 was less than that under Sakel. In 1937, it was more than three times as great. Is Sakel destined to be completely replaced by Giza 7? This consummation might be retarded by a considerable relative rise in the price of Sakel, as a

result of the diminishing supply, but at the moment there are no signs of such a development. A more likely factor would be the emergence of other new varieties. In fact, it is improbable that Giza 7 will permanently retain its position as the principal long staple Egyptian cotton on the futures exchanges of Alexandria and Liverpool.

The story of Giza 7 may, therefore, aptly conclude with a glimpse into the future. At the time of its introduction it was the highest yielding Egyptian variety with a staple better than Ashmouni, but that condition no longer holds. A new selection, Giza 12, is somewhat lower in quality than Giza 7, but gives a higher yield. It is now, in fact, the highest yielding variety grown commercially, and its acreage has increased from 5,835 in 1936 to 15,939 in 1937. Thus, Giza 12 has not yet seriously challenged Giza 7, nor disturbed the futures market; in the future it may do both. Meanwhile, a new selection, Giza 30, surpasses even Giza 12 in yield, but is not yet grown commercially. Both these varieties will eventually compete with Giza 7 on the same basis as Giza 7 competed with Sakel; for they gain more in relative yield than they lose in quality. Further, several new long-staple cottons, which have a better yield than Sakel, are coming on to the market, and in general the improvement of Egyptian cotton by the breeding of new varieties is proving strikingly successful. Each development represents the growth of an increasing quantity per acre of cotton of a given spinning value. From the consumer's point of view, each represents a continually reduced real cost of production.



Sacking
Cotton

Egypt's Industries

ALTHOUGH Egypt is predominantly an agricultural country, she has largely developed her industry in recent years, to provide an outlet for a steadily increasing population and to establish a better balanced national economy. Generally speaking, Egyptian industries are based on the agricultural and mineral products of the country, and they include conditioning and processing for export and manufacture for the home market. There is very little export of finished articles. Industrial development has been encouraged by a carefully considered import tariff and by State loans, on adequate security but at low rates of interest. Much has been done, also, through the initiative of the Banque Misr, which was founded in 1920.

By far the most important primary product in Egypt is the cotton crop, which accounts for about 85 per cent. of the total export trade, and is the raw material of the largest home industries. In 1936-37, the area under cotton was 1,720,000 acres, and the yield was 1,180,000 tons of unginned cotton. The whole crop is ginned in 130 factories, but pressing for export is concentrated in four large presses in Alexandria, which, with its important spot and futures markets, is the centre of the cotton trade. The crop of 1936-37 gave 410,000 tons of lint, equivalent to about one and a quarter million bales, and 730,000 tons of cotton seed.

About 55,000 bales—less than 5 per cent. of the crop—are spun in Egypt, all the rest being exported. The import of raw cotton is prohibited. There is a large spinning and weaving mill at Mahalla el Kobra and another at Alexandria. Much expansion has occurred recently, especially in bleaching, dyeing and printing. The total output of yarn is now about 36 million lbs. a year, and all of it, except one and a quarter million lbs., is consumed internally. As imports of yarn, in turn, are no more than one and a quarter million lbs., Egypt's spinning and weaving industries are almost complementary. The total output of cotton cloth is now about 83 million yards a year, about half of which is woven in the mills at Mahalla el Kobra and Alexandria, and about half on handlooms all over the country. Home production, however, still provides only 30 per cent. of the total annual consumption of 275 million yards. The greater part of the yarn spun is from low to medium counts, but the tendency of an industry which is perforce confined to Egyptian cotton should naturally be to spin finer.

About half of Egypt's production of cotton seed is exported. Of the remainder, 240,000 tons are now pressed in the country, which has five large

and ten smaller pressing factories. The total output is about 38,000 tons of oil and 200,000 tons of cake. The greater part of the oil is consumed locally, either as food or for soap-making, with the addition of some 20,000 tons of other oils, mainly coconut, olive and hydrogenated, which are imported. Four large and many smaller soap factories produce altogether about 45,000 tons of soap a year, and supply approximately 90 per cent. of the total consumption.

The wool industry is in an early stage of development. An annual production of about 500,000 lbs. of yarn (supplemented by about 750,000 lbs. of imported yarn) is used for hand-made carpets and rugs, both knotted and woven, and also in the flourishing tarbush factory at Cairo.

Egypt is now self-supporting in sugar. The area under cane is from 45,000 to 50,000 acres, mainly in Upper Egypt; the cane is pressed in five factories in the sugar-growing areas, and refining is concentrated in one large refinery near Cairo, which handles more than 200,000 tons a year. In the season 1936-37 some 1,425,000 tons of cane were pressed, and produced 137,000 tons of refined sugar for home consumption. In addition, about 25,000 tons of raw sugar were imported and refined for re-export. The production of molasses is estimated at 70,000 tons a year, of which 20,000 tons are used for the manufacture of alcohol, the rest being either exported or used as fuel in the sugar factories. An alcohol factory outside Cairo, near the sugar refinery, produces annually 1,500,000 litres of pure alcohol and 3,500,000 litres of denatured alcohol from molasses. Egypt has two large breweries, one at Cairo and one at Alexandria, and two smaller breweries, which produce altogether 60,000 hectolitres of beer—some 60 per cent. of the total consumption—from malt partly local and partly imported.

Egypt is now also practically self-supporting in food grains, and the milling industry is developing on modern lines. In 1936 the area under wheat was 1,400,000 acres, and the crop was estimated to be 1,244,000 tons, all of which was ground and consumed in the country. There are two large mills at Cairo and two at Alexandria, in which modern machinery for cylinder grinding is installed. But a great part of the crop is still ground in small stone mills scattered all over the country. About 3,000 tons of high-grade flour are imported, mainly from Canada.

About two million animals are slaughtered annually in the abattoirs of Cairo, Alexandria and other large towns, and tanneries are frequently situated near the abattoirs. About 2,000

tons of raw hides and skins are exported. The rest is tanned in Egypt, and is nearly sufficient to meet total home demand. Although methods of tanning in the larger tanneries have much improved, large quantities of better quality leather continue to be imported. Leather goods manufacture, carried on mainly in small factories or as a cottage industry, produces boots, shoes and fancy articles.

So much for Egypt's industries based mainly on the products of her domestic agriculture. She has also a mining industry of some importance, situated mainly along the Red Sea littoral. The oil fields at Hurgada are operated by the Anglo-Egyptian Oil Company, which has also a refinery at Suez. The output is about 200,000 tons of crude petroleum a year. In addition, some 130,000 tons of crude oil were imported last year for refining, mainly from Iran. The refinery supplies the bulk of Egypt's requirements of benzine and black products, and about 50,000 tons of asphalt are exported.

Egypt's phosphate mines are at Quseir and Safage. Practically the whole of the output, which amounted to more than 500,000 tons in 1936, is exported, but a factory has recently been started at Kafr el Zayat, in the Delta, for the production of sulphuric acid, from imported pyrites, and superphosphates. Large quantities of superphosphates are used as fertilisers in the Delta.

Manganese ore is mined, for export, at Abu Zenima, in the Sinai peninsula. The percentage of manganese, however, is low, and exports vary widely, with a maximum of about 200,000 tons. Gold is mined on a small scale by the Mines Department of the Government at El Sokkari.

There are large works for the production of common salt from brine on Lake Maryut, near Alexandria, and at Port Said. The total production in 1936 was about 350,000 tons, of which 120,000 tons were consumed in the country.

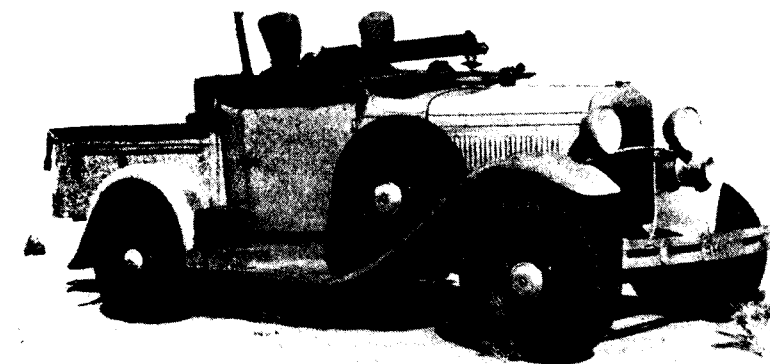
Natural carbonate of soda is found in the Wadi el Natrun depression, between Cairo and Alexandria, and at Hosh Issa, near Damamhur, and is recovered for the production of caustic soda, which is used mainly in the manufacture of soap. Production, however, is not sufficient for local requirements; and in 1936 some 2,600 tons were imported.

In addition, there are two large industries which depend almost entirely on imported raw materials. The growing of tobacco has long been prohibited in Egypt, and the renowned Egyptian cigarettes have always been manufactured from imported Balkan tobacco. Large quantities of Japanese leaf also

are now imported for the manufacture of cheaper qualities. Total imports in 1936 were 12 million lbs., but exports of cigarettes in that year were only 600,000 lbs., the remainder being consumed in the country. There are twelve large modern factories in Cairo and Alexandria and a number of smaller factories.

The engineering industry is progressing, but it is still dependent on imports and has not yet gone far beyond assembling, fitting and repairs. The railway and other Government workshops and those of the Pharaonic Mail Line at Alexandria and Suez are the most important establishments of the kind in the country.

No recital of Egyptian occupations would be complete without mention of the important fishing industry. The Nile itself is rich in fish fauna of the African type. There are also the four Delta lakes, which are in communication both with the Nile system and the Mediterranean; a lagoon north of Sinai; an overflow basin in the Faiyum depression (the remains of Lake Moeris); and, last but not least, a coast of more than 1,000 miles bordering both the Red Sea and the Mediterranean. The seas along these coasts bring to Egypt an Indo-Pacific as well as a modified Atlantic fauna. The annual catch is about 40,000 tons of



The Desert Patrol against Drug Smugglers

fish. It is valued at £1,000,000, and includes between 5,000 and 10,000 tons of sardines. The whole catch is consumed in the country, and there is as yet no canning industry. Incidentally, sponges of high quality, valued at about £50,000, are taken annually from the Mediterranean between Alexandria and the Western Frontier at Solloum.

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AFFILIATED BANKS IN

SYRIA, ROUMANIA, GREECE, YUGOSLAVIA

The Banking System

RIGHTLY to understand both the position and the special problems of Egypt's banking system, readers should bear in mind two of its dominant features. First, a large proportion of the national banking business consists in financing the seasonal export of cotton and the more evenly spread import of manufactured goods. Secondly—and largely as a consequence—all the sixteen commercial banks in Egypt, with one notable exception, the Bank Misr, are either branches of foreign banks, or companies established, under Egyptian legislation, largely with foreign capital. There are also certain mortgage institutions, whose function is to grant long-term credit.

The table on page 17 gives an indication of commercial banking progress in recent years. It includes, however, only those banks which publish balance-sheets in Egypt. The local branches of powerful English and French banks do a large and important business, but do not publish separate figures.

Unfortunately, it is impossible to draw exact inferences from the movement shown of total deposits in 1935 and 1936, since the figures reflect cer-

tain changes due to the liquidation of two mortgage institutions, the Agricultural Bank and the Mortgage Company of Egypt. Broadly, however, the figures reveal certain features common to the banking experience of most countries in the last few years—rising deposits, increased liquidity, larger security holdings and a decline and subsequent recovery in advances.

There are now only three important mortgage banks in Egypt: the Crédit Foncier, the Crédit Hypothécaire, and the Land Bank. The first, which is the oldest and the most important, was founded in 1880. Its rural mortgage loans, in 1936, were £12 millions. The Crédit Hypothécaire was originally formed as a department of the Crédit Agricole, but it later became an independent unit. No figures have as yet been published of its operations. It is estimated that the present total of rural mortgages (including the Land Bank's figures of £4 millions) does not exceed £20 millions, which is only half the pre-war figure.

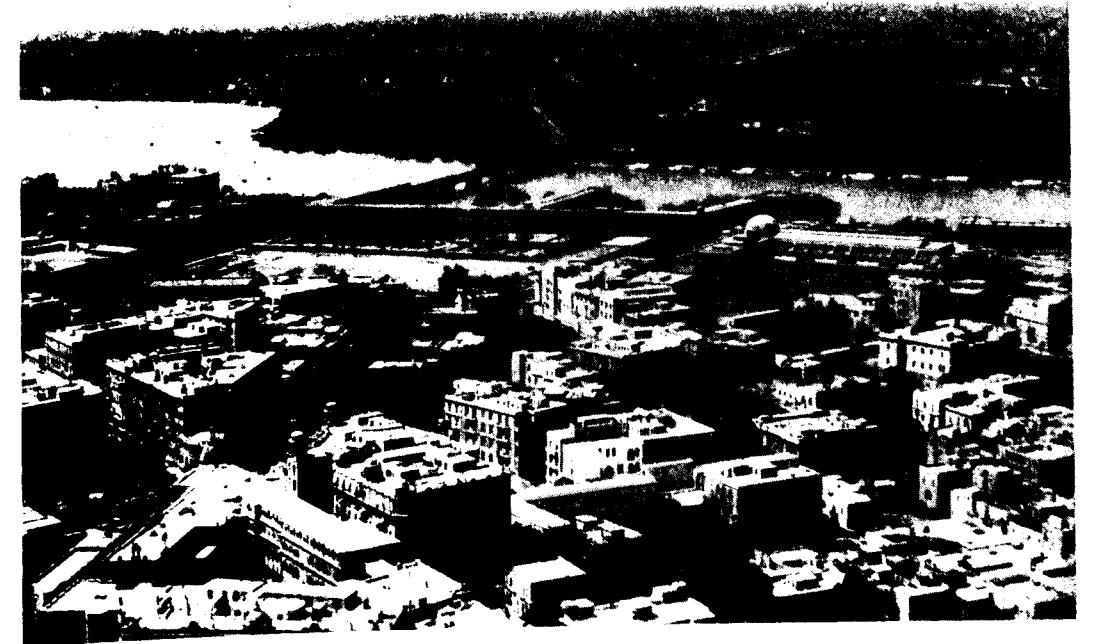
A single institution, the Crédit Agricole, comes outside the twofold classification already mentioned. This was established by the Government seven

years ago in order to assist the cultivator by granting short- and medium-term loans for purchasing seed and the like. It has grown rapidly and has become the instrument by which the Government is implementing its policy of indirectly subsidising wheat growers, and giving limited advances to cotton producers.

Egypt's exchange problem can be simply described. Her imports come in fairly regularly throughout the year, but payments to the growers of her cotton crop fall to be made chiefly in the three months from September to December. Her currency requirements thus postulate an elastic and certain source of liquid funds, and a smooth working mechanism of currency or credit. In this connection, two considerations arise. The first—the means of expanding the note issue—is a currency problem. The second—the avenue by which funds enter the country—is an exchange problem.

Originally, a 50 per cent. gold cover was legally required for the note issue, the remaining 50 per cent. consisting of approved securities. Since 1916, however, British Treasury bills and bonds have been accepted in lieu of gold, by

Modern Cairo,
from the Air



the authority of the Government. In order to expand the note issue, therefore, it is necessary for the National Bank of Egypt merely to deposit the required amount of Treasury bills in London on behalf of the Issue Department in Cairo, and the latter can then issue the notes. The reverse operation takes place when it is desired to contract the issue.

The exchange problem is handled in a manner which may be briefly described. If a bank operating in Egypt wishes to increase its funds there, it has only to deposit sterling funds with the National Bank of Egypt in London. By virtue of a long-standing agreement, funds are thereupon placed at its disposal by cable, in Cairo or in Alexandria. Note issue movements are thus exact reflections of transfers of bank funds only in so far as banks utilise those funds by withdrawing notes, or vice versa. This second question, however, requires further consideration. The Egyptian pound is on a sterling exchange standard; for, by virtue of

the agreement already mentioned, the National Bank of Egypt both buys and sells sterling—in amounts of £100,000 and upwards—at 97½ piastres per £. As a result of this fixing of the rate, the relationship of Egyptian currency with other foreign currencies is exclusively determined by the world value of sterling. It should not be assumed, however, that the National Bank exercises a stringent control over the banking system: for the nature of the latter makes this impossible. It would be interesting, however, to speculate on the difficulties which would confront an independently operating central bank. The functions of the National Bank of Egypt may now be described. The Bank is the Government banker, and the sole source of paper money. Although its capital was originally subscribed in sterling, it is an Egyptian corporation in the private ownership of its shareholders. In addition, it controls the sterling exchange. A fully equipped central bank, in addition to these powers, would necessarily exercise a

direct control over the cash basis of credit. This is impossible, however, under present conditions in Egypt, where the foreign banks, which have ample supplies of funds to draw upon abroad, need keep no reserve in view of the fixity of sterling exchange. The imposition of a minimum cash-deposit ratio, or the requirement of the deposit of a fixed proportion of sight liabilities with the central bank would entail a revolutionary change in banking activity.

There is, again, no local bill or money market through which pressure from a central institution might be applied. Apart from the fact that banks can obtain funds abroad and therefore do not require rediscount facilities, the volume of commercial bills is small, and in most cases individual bills are for paltry amounts. Comparatively few bills, further, would be of a credit status rendering them generally acceptable for rediscount. But the development of a local bill market is not necessarily a *sine qua non* of the successful functioning of a central bank.

If the authorities were, in the future, to consider the advisability of establishing a central bank, they would have three main questions to answer. Is there real scope for such an institution? To what lengths would the authorities be prepared to go in supporting it by new banking legislation? And what form ought the central bank to take? Two other considerations seem relevant to the problem. In the altered circumstances in which such a bank would operate, the change from passivity to active intervention would necessitate careful definition of policy at the outset. And banking policy would need to be rendered independent of all extraneous and ephemeral political influences.

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TOTAL FIGURES OF THE EGYPTIAN COMMERCIAL BANKS

(Thousands £'s*)

	Deposits	Cash	Inland Bills	Foreign† Bills	Securities†	Advances
1931.....	35,355	4,186	3,003	1,219	15,202	20,431
1932.....	39,971	4,833	2,573	869	22,021	17,737
1933.....	40,992	5,026	2,499	2,360	20,202	18,118
1934.....	40,763	5,161	2,251	2,304	19,800	19,260
1935.....	47,102	5,795	1,990	2,340	25,324	20,260
1936.....	48,432	7,122	1,819	1,915	24,366	20,590

* No distinction has been made between Sterling and Egyptian pounds. £E1 = £1 0s. 6½d. sterling.

† Comprising mainly the National Bank of Egypt's figures.

Foreign Trade

A SMALL country which has no extensive mineral resources or large-scale manufacturing industries does not as a rule carry on an extensive or varied foreign trade. But Egypt is an exception to the rule. Both its exports and its imports are now in the neighbourhood of £E30 millions, which, with a population of about little less than 16 millions, gives imports and exports per head of nearly £E2, a high figure for a country in Egypt's position. Her trade, moreover, is unusual in its distribution and it raises problems which have for long called forth energetic policies from the Government.

The main characteristics of Egyptian trade may be seen by a glance at the first table opposite, in which the totals of trade for the largest categories in the elaborate Egyptian tariff are given for the last four years. It will be seen that "textile materials and textiles" account for fully three-quarters of the total value of exports, and at the same time for a quarter of total imports. The explanation is obvious: Egypt exports raw cotton and imports manufactured cotton goods. For example, of the total export in this category for the first

nine months of this year (the latest figures available) which amounts to £E20.8 millions, over £E20.2 millions is for raw cotton. On the other hand the articles imported under this general head cover the whole range of textile manufactures, in all their variety, though pure cotton piece goods account for nearly half.

Thus, Egyptian exports may be summed up in two words: raw cotton. Despite all the efforts of the Government, the country's economy is still predominantly dependent upon the world's demand for that commodity. The second largest export from Egypt is cotton seed, followed closely by rice, with onions a good fourth. These also are commodities whose price fluctuates sharply from time to time.

Imports are, however, much better distributed. Besides clothing, they include nearly all the country's requirements of fuel, machinery, metals, chemicals and other products of heavy industry, as well as such consumption goods as tea, coffee, tobacco, butter and oils. They cover, in fact, a fairly typical range for a largely unindustrialised agricultural country.

Egypt's dependence upon a single

export is a matter with which her statesmen have been, and are, rightly concerned. But her balance of trade has not, as a rule, been the cause of any great anxiety. The country produces all the chief necessities of food for itself. When the price of cotton slumps, Egyptians may find it advisable, for the time, to import less luxuries, and to make their clothes last longer; and there may be a slowing down of capital investment. But the balance of the national economy is not gravely overset. And normally the country has a favourable visible trade balance. The British Commercial Counsellor in Cairo, in the latest of his admirable reports, calculates that in the fifty-seven years from 1880 the balance has been adverse only eleven times. The net balance of exports in that period has been £E175,400,000. Gold exports have been excluded from this figure. The balance has been steadily favourable in the last four years, with an average excess of exports over imports of £E1,700,000; though in the years 1920-32 it was unfavourable, the excess of imports in 1930 being as much as £E14,900,000.

Against Egypt's normally favourable balance of visible trade must be

TABLE I. FOREIGN TRADE BY COMMODITIES

(Thousand £E)

Category	1933	1934	1935	1936	1937 (9 Months)
IMPORTS					
Textile materials and textiles	8,005	8,200	8,083	7,594	6,315
Chemical and pharmaceutical products	3,327	3,730	4,232	4,281	3,856
Minerals	2,993	3,141	3,826	3,088	3,511
Metals and metal manufactures	2,148	2,636	2,908	2,982	2,784
Machinery	1,480	1,789	2,114	2,143	1,689
Vegetable products	1,872	2,196	2,348	2,196	1,643
Food and tobacco	1,414	1,422	1,626	1,832	1,302
Others	5,528	6,162	7,102	7,400	6,052
Total	26,767	29,267	32,239	31,516	27,152
EXPORTS					
Textile materials and textiles	21,579	24,975	26,836	23,367	20,821
Vegetable products	3,608	2,931	3,794	4,207	3,664
Food and tobacco	1,002	1,332	1,399	1,222	1,098
Chemical and pharmaceutical products	460	481	518	562	385
Others	—	—	—	—	2,772
Total	28,848	31,056	35,693	32,979	28,740
Visible Trade Balance	+2,081	+1,789	+3,454	+1,463	—

TABLE II. DIRECTION OF EGYPTIAN TRADE

(Percentage share of total value)

Country of Origin or Destination	Egyptian Imports				Egyptian Exports			
	1933	1934	1935	1936	1933	1934	1935	1936
Great Britain	23.1	22.0	22.8	23.9	41.6	32.0	33.0	37.9
Germany	7.6	7.3	8.9	11.1	7.9	9.1	8.1	6.9
Japan	10.7	11.8	12.0	6.9	4.9	9.0	5.4	7.7
British Empire (including Mandates)	5.6	5.6	5.9	5.9	4.1	6.8	8.0	6.4
United States	3.2	4.1	5.2	5.7	4.4	3.9	4.0	4.5
Belgium	4.9	5.7	4.9	5.5	0.8	1.0	1.3	1.4
France	7.1	5.2	5.3	5.5	12.2	9.7	11.0	10.0
Italy	7.8	6.9	5.6	3.5	7.4	8.2	6.6	2.8
Others	30.0	31.4	29.4	32.0	16.7	20.3	22.6	22.4

set her "invisible" payments abroad. For example, nearly all Egypt's insurance is done abroad; only four of the 140 companies working in Egypt are of national origin, and even they re-insure partly in London. The Government also contributes to investments in the Sudan. There are, however, important items on the other side of the account. These include (1) the expenditure of, and on, the British Forces in Egypt, totalling about £E1,750,000 per annum; (2) expenditure by tourists in Egypt—which is largely offset, however, by money spent by Egyptians on pilgrimage and by those who winter abroad—and expenditure on educational missions; (3) shipping expenditure in Egypt, including the portion of the Suez Canal dues which remains in the country, estimated in all at about £E1 million. This item is not fully counterbalanced by the expenditure of Egyptian ships abroad. On balance, there is no doubt that Egypt has absorbed great quantities of foreign capital. Estimates range from £E400 millions to £E500 millions, of which the greater part is certainly French. In the last fifteen years, in particular, there has been a considerable movement of capital back to Egypt—as is suggested, indeed, by the growth of the Reserve Fund (see page 12) by £E34 millions during that period, and there has been a considerable export of bullion since 1930. Egypt altogether is a country which has always provided a market for investors in other lands, and seems likely to continue to fill that rôle for a long time to come.

How this situation will be affected, if and when the Government gives effect to its desire to establish a strong domestic cotton-manufacturing industry, it is difficult to say. Such a policy would be calculated to result in a reduction of imports of cotton manufactures and perhaps in some growth of agricultural exports other than cotton. Eventually, it might even make Egypt a seller of textile goods in the Near East and in Africa.

What would be the repercussions of such a policy on British exporters to Egypt? Great Britain has an immense interest in Egyptian imports of cotton goods, on the one hand, and in her purchases of machinery on the other. The former, in recent years, has been a disturbed trade. Until late in 1935 Egypt was overwhelmed by a flood of cheap Japanese piece-goods of low quality. These accounted for 142 million square metres of piece-goods, out of a total for the year of 193 millions, from Japan. A 40 per cent. depreciated currency surtax was thereupon imposed, and the position became more normal. Almost simultaneously the imposition of sanctions came as a great help to British trade, though the exclusion of Japanese imports was, of course, also an encouragement to the growing Egyptian textile industry.

On the whole, a substantial future rise in British textile exports to Egypt seems improbable. On a superficial view, again, the scope for expansion

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CROSS-ROADS
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in our exports of machinery, motor cars, hardware and similar products seems also limited. But our share in Egyptian imports, as our second table shows, is still twice that of any other country's, and there is no reason to believe that Egypt's new-won independence will do anything to diminish it. The extent of further expansion in Egypt's own cotton manufacturing industry, however, is a matter which is open to discussion. Egyptian cotton itself is too high in quality and in price to be really serviceable for the coarse tissues which are chiefly in demand in Egypt. The industry, indeed, chiefly uses the lowest qualities of Egyptian cotton, with a certain amount of imported yarn. Some informed observers believe that a combination of imported Indian cotton for woof and Egyptian cotton for warp would produce a cloth which, for colour and softness, would be highly suited to its market, and which might encourage a considerable increase of output. Official policy has, however, hitherto been averse to development on these lines.

It is improbable, again, that British exports of complex and highly finished machinery will be supplanted, in the near future, by the products of Egyptian engineering. The latter, however, may be an increasingly formidable competitor in such lines as ploughs, implements and, possibly, motor bodies.

The second half of Table II shows beyond the need for comment our position as an export market for Egypt: we take five or six times as much as any other State and rather over a third of the total. Almost the whole of the resulting sum is spent on raw cotton. Last year we spent £8,970,000 on it, while the second largest buyer, France, only took £3,142,000, with Japan and Germany following closely. We also buy nearly all Egypt's cottonseed and some of her onions—though the vagaries of compensation agreements made Germany the largest purchaser of that vegetable.

Taken all in all, Egypt's connection with Great Britain, both as consumer and as purchaser, is vital—and beneficial to both countries. Our trade policy must needs have far-reaching consequences for Egyptian prosperity. Egypt, as an independent State, will naturally desire to pursue her economic aims along national lines. Great Britain, obviously, will be anxious to safeguard her market. But the best bargain will be that which most honours the maxim that "Trade is not war, but a process of exchange."

The High Priest of Heliopolis
and his wife
(IVth Dynasty)

The most lifelike of
Egyptian Sculptures



The Foreign Investor

EGYPT'S public debt, well secured by assigned revenues and competent budgetary policy, has been served with exemplary regularity. Egyptian bonds thus carry solid investment status, and rank superior to those of most foreign Governments. The London market has always been impressed by the willingness of the Egyptian Government to follow so closely in the British financial tradition. Egypt's recent financial history may lack excitement but it abounds in virtue. The absence of a wide range of industrial investments throws the greater emphasis upon the Government bonds. For general purposes, these may be classified under three headings.

First comes the consolidated debt, which springs originally from the unified debt. Two important inquiries played their part in determining Britain's policy as to the Egyptian debt. The Cave inquiry was responsible for the British Government's decision to come into the *Caisse* (see below). The process of putting the debt on a solid footing, however, may be associated with the Goschen inquiry of 1876. Loans contracted before that year were converted into 6 per cent. unified debt, and a new issue of privileged debt was also created, carrying interest at 5 per cent. That, however, was only the first stage, and four years later it became necessary to increase the privileged debt and to reduce the interest on the unified debt to 4 per cent.

In compensation, certain revenues were assigned to cover the service. And, finally, after five difficult years, an issue of £9 millions stock, guaranteed by six European powers, was made on Egypt's behalf.

The position of this first category of Egyptian bonds is given in the following table:—

Loan†	Cost of Service, 1935-36	Redemption†	Price	Yield
3% Guaranteed	£1,307,125*	P or D	100†	2.99
4% Unified	2,154,708	P or D	101	3.96
3½% Preference	1,045,384	P or D	94	3.72
Total	3,507,217			

* £115,000 sterling.

† P or D By Purchase or by Drawings at par.

‡ For amounts, see table in article on Egypt's Public Finance, on page 11.

These loans are served by land taxes collected by the *Caisse de la Dette Publique*. The *Caisse*, according to its last report, held a reserve fund of £1,846,160 sterling, equivalent to approximately £1,800,000 (in unified and preference bonds), and, in addition, cash funds of £1,150,000. Its management of the debt has been sound and conservative. The annual cost of the *Caisse* is approximately £40,000.

In no way whatever is it to Egypt's discredit that her consolidated debt service, nominally secured by gold clauses, has been paid since 1931 in sterling. The lower Egyptian courts ordered payment in gold, but in February last

year the Mixed Court of Appeal decided that it was not competent to hear the case and quashed the lower courts' judgment. If Egypt errs in this matter she errs in good company with Great Britain and the United States. As our table indicates, Egyptian credit is slightly better than a 4 per cent. basis.

The second category consists of the Tribute Loans—the legacy of Egypt's vassalage under the Ottoman Empire. The two loans, issued in the 'nineties, were originally secured from the tribute payable to the suzerain power. In 1924 the Egyptian Government, arguing that her release from Turkish domination had caused the tribute obligations to lapse, tested its case in the Mixed Tribunals, which found the Government was still liable for the annuities that provided cover for the loans. They have been regularly paid since that year.

Particulars of the Tribute Loans are here given:—

Loan†	Cost of Service, 1935-36	Redemption†	Price	Yield
1% of 1891	£1,273,608*	1951 D	102†	3.9
3½% of 1894	321,018*	1955 D	98†	3.5
Totals	594,626			

* Sterling annuities, £280,623 and £329,249, respectively.

† For amounts see table in article on Egyptian public finance, on page 11.

‡ D By Drawings.

These loans, carrying the advantage of

a substantial sinking fund, stand somewhat higher than the unified and preference debt.

The third section consists of miscellaneous obligations—certain annuities in respect of railways and works (which, after the termination of the heavy charge for reservoirs in 1933, now cost no more than £51,600), together with two issues of five- and ten-year Treasury bonds issued in 1933. The Government also assumed contingent liability in respect of the City of Alexandria 4 per cent. loan of 1902.

It will be evident, from this survey, that Egypt's public debt is well secured and well administered. There is no reason to fear that Egypt, under her new sovereignty, will relax the high standards.

We turn next to the ordinary share investment opportunities which Egypt affords. Details of selected shares will be found in the next table:—

Company and Share	Latest Div.	Present Price	Yield
Nat. Bk. Egypt (100 sh.)	15	389	3.95
Egypt. Maritime (100 sh.)	11	25	9.20
Egypt. Delta Land (100 sh.)	4.17	23.9	3.51
Alex. Water (50 sh.)	15.15	173	4.22 1/2
Anglo-Egypt. Oil (100 sh.)	12	37.8	6.66
Egypt. Salt & Soda (100 sh.)	11	45	5.00

The 410 shares of the National Bank of Egypt are the foremost banking security. In pre-depression times the divi-

dend was 18 per cent., but since 1931 a distribution of 15 per cent. has been regularly paid. The improvement in Egyptian economic conditions formed the keynote of the chairman's speech last March. It seems reasonable to expect a further improvement in this year's profit figures.

Utility shares of the stable dividend type are to be found among such undertakings as Egyptian Markets, Egyptian Delta Land and Alexandria Water. The first company's concession expires next year, and negotiations have been proceeding in the hope of obtaining an improved offer of extension from the Government. Alexandria Water shares carry the advantage that British income tax is not deducted from the dividends at source.

Anglo-Egyptian Oil, which is associated with the Royal Dutch-Shell group, is extending its refinery at Suez and is also seeking to extend its supplies of indigenous oil from new exploration areas. Egyptian Salt and Soda has enjoyed a progressive dividend record in recent years, but its special sales arrangements expired in 1936. Finally, for the investor who considers that Egypt has not exhausted her recovery possibilities, such a share as Egyptian Delta Light Railways 10 preference—which is at present dividendless and carries substantial arrears—may be considered.

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A Centre of Travel

EGYPT has never lacked visitors. Throughout history, invaders, traders and travellers have sojourned in the valley of the Nile. Persians, Greeks, Romans, Arabs, Turks, Frenchmen and Britons have all, in turn, sought to control the land of the Pharaohs. Alexander, Cæsar, Augustus and Napoleon were all victims of its riches and charm. More than 4,000 years before Christ, spices, balm and myrrh came to the Euphrates from the Nile. Egypt, which was the granary of the ancient world, supplies fine cotton to the modern. It has always been the meeting place of East and West, of old and new; and to-day men still come to marvel at its mysteries.

Like Stonehenge, Egypt "will bear a discussion antiquarian, picturesque and philosophical"; and its tourist industry is as old as its story. In the days of the Roman Empire it was visited by those who sought its health-giving climate and the treasures of its antiquity. It ranked then with Sicily, Greece and Asia Minor as a tourist centre. Men and women came to consult its oracles and to visit the temples of Isis. Consumptives sought its hot springs and its sunny dry weather. There were great luxury hotels at Alexandria, the cultural centre of the Macedonian conqueror's world; and a regular shipping service via Puteoli from Rome. Then, as now, there were

things in Egypt which could not be savoured elsewhere: the racecourses, theatres, dancing and music of Alexandria; the monuments and ruins of Memphis and Thebes; the Pyramids which, in Hazlitt's words, "are too mighty for any single contemplation."

The lure of nature and knowledge has never entirely failed. Even the pre-eminence of Egypt as a routeway to the East was only slightly diminished for 300 years when ships went sailing round the Cape of Good Hope; and to-day the Suez Canal and the airways have restored its glories. Egypt's "mummified civilisation and fossilised marvels" still "stare living modernity out of face." Its temples, rock-passages and caves, sphinxes, sculptures and hieroglyphics still draw men from afar. Its cloudless skies and rainless lands, cooled by a persistent north wind; its date palms, mulberries and acacias; its vines, oranges and lemons; its pomegranates, tamarisks, sycamores and mimosa—all these combine health and pleasure in Egyptian travel. A brilliant social season for wealthy visitors has become a feature of European and Egyptian life.

Over half-a-million Egyptian pounds a year are spent by tourists in the season, between December and April, and tourism is worth in all nearly one million pounds a year. In the season 1936-37 the number of visitors was

over 50,000, and they spent more than £10 each. Nor do tourists alone come to Egypt; there are business men, officials, professional men, and Egyptian travellers returning from abroad. And thousands of pilgrims pass through Egypt to Mecca. In 1932 some 72,000 people disembarked in Egyptian ports, and nearly another 9,000 passed on to more distant places. In 1935 about 78,000 disembarked, excluding 10,400 in transit; and in 1936, while only 8,000 passed through, over 82,000 came to stay for long or short periods. Between April 1, 1936, and March 31, 1937, some 43,825 passport visas for Egypt were issued by consulates abroad. The number of passengers to Egypt on cruises and special trains in the year 1936-37 was 9,345; and the number of "quick trippers" was 15,538. Even more fleeting in their stay were the 843,078 passengers on ships who, between May 1, 1936, and April 30, 1937, were permitted by port authorities to land for a few hours in Egyptian ports. Between one-fifth and a quarter of Egypt's visitors are British.

The proceeds of this tourist industry rank third in Egyptian exports. They amounted to £600,000 in 1934 and £800,000 in 1935. And these were disappointing years, as years go. Economic depression, the uncertain political situation in the Mediterranean, exaggerated stories of student disturbances, and the competition of cheap hotels in the newly popular centres of winter sports in Europe combined to

reduce Egypt's tourists. Consequently, a determined effort was begun to raise the industry to the level merited by the traditions of Egyptian travel and the attractions of the country. The Tourist Development Association, drawing an annual subsidy of £7,500, already grouped tourist agencies, railway companies, shipping and air lines and hotels in the encouragement of tourism in Egypt. In 1936 a new State Tourist Bureau was set on foot and, on the advice of the recently established Ministry of Commerce and Industry, a sum of £50,000 was devoted to propaganda, though this sum was reduced in 1937 to £20,000 on grounds of economy. The campaign has already been very successful; publicity has been afforded in Europe and America by Press and radio; and on an average, over £10,000 is spent annually on propaganda. Most important of all—in view of the popular but mistaken impression that Egypt caters chiefly for the rich traveller—tourists have been attracted by increased facilities in the way of combined rail and hotel charges,

which in some cases have been reduced by as much as 40 per cent. Visitors can make a short stay in Egypt and rejoin their ships at Port Said; and in the summer which has just ended 4,000 tourists availed themselves of this facility.

Egypt has also become, in recent times, a nodal point in the network of the world's airways. Only twelve years ago, Sir Alan Cobham blazed the trail from London to Capetown via Cairo. A year later, Imperial Airways inaugurated a service from Cairo to Basra; and in 1932 the company secured authority for the 20 years' operation of services to and from Egypt, from the United Kingdom to Egypt and on eastward to Palestine, Iraq and India and southward to the Cape. By the end of 1934 the 4,880 miles route to India and the 7,923 miles route to South Africa were hinged on Egyptian aerodromes; and the Royal Dutch air lines had inaugurated a service via Egypt to Batavia. Last year, at least 7,000 people travelled on Imperial Airways' planes from England to Egypt on their way to more distant places; and only

the slow delivery of new aircraft prevented the company from developing a considerable passenger traffic to Egypt itself. In 1938 there will be from eight to ten services weekly in each direction; and travel to Egypt will bulk largely in the increased Empire services. The Dutch route to the East, and the Italian route to Italy's African Empire are also being further developed.

These are modern trends. But the future of Egypt in this respect is its past. Thebes, Memphis, Abydos, Luxor, Heliopolis, the ancient cities of the Delta, the Coptic Monasteries and churches, the tombs of Kings and Mohammedan saints, Helwan, Assuan, and the Arab-founded Cairo—"the diamond stud in the handle of the fan of the Delta": these are the magnets for travellers. Egypt is a land of wonder and good health. If the Government of Egypt's new independence can turn this past to modern uses in modern ways, if they can cater cheaply for the crowds who seek new pleasures in this holiday-age, then tourism in Egypt will flourish and prosper.

EGYPT

THE ECONOMIST, December 4, 1937



MOSQUES OF
CAIRO

Left — In the
Bazaar of the
Brassworkers

Right — The
School Mosque
of Sarghatmash





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OFFICES IN PRINCIPAL TOWNS OF
EGYPT, SYRIA AND PALESTINE

AREA AND POPULATION	
Area	384,000 sq. miles
Cultivated and settled area	12,500 sq. miles
Population—1927	14,217,864
1937	15,904,525*
* Provisional.	

TRANSPORT	
Length of railways (1936):	Kilometres
Standard gauge	2,973
Narrow gauge	1,413
Total	4,386
Kilometres	
Navigable canals	1,696

SOME EGYPTIAN STATISTICS	
Mercantile vessels carrying the Egyptian flag (1936):	
Steamships (number)	44
Registered net tonnage	40,505
Sailing-vessels (number)	173
International tonnage	11,662

AGRICULTURAL PRODUCTION				
(000's omitted)				
Cotton	8,357	7,555	8,535	9,107
Wheat	1,253	1,014	1,176	1,243
Maize	1,986	1,571	1,689	1,595
Rice	71	512	706	692
Onions	291	296	219	223

Motor vehicles in use (end 1936):	
	Number
Private cars and taxis	24,923
Trucks and omnibuses	3,897
Total	28,820

PRICES AND FINANCE

Item	1929	1932	1935	Sept. 1936	1937
Wholesale prices (Cairo)*	100.0	72.4	81.9	73.3	...
Cost of living (Cairo)*	100.0	87.4	85.7	85.4	...
Value of currency**	100.0	72.0	59.8	61.1	...
Monetary gold reserves	3.8	6.7	6.5	6.5	6.5
Notes in circulation	26.6	18.8	23.3	23.3	...
Savings bank deposits	4.1	5.2	9.2	10.6	...

* As percentage of gold parity in 1929.
* 1929 = 100

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RESERVE FUND Lstg. 3,000,000

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THE ECONOMIST

TRADE SUPPLEMENT

New Series

SATURDAY, OCTOBER 30, 1937

No. 10

The Trend of Business

DESPITE the deterioration of the international economic situation, reflected in falling security and commodity prices and a lull in the expansion of world trade, the volume of business activity in this country remains at a record level. In general, business has shown a normal seasonal trend since last August. *The Economist* Index of Business Activity, adjusted for seasonal movements in trade, showed only a slight decline between August and September, and remains well above the level of a year ago. Of the 14 component series of *The Economist* Index, given on page 3, four registered a fall between August and September, an equal number showed a rise, but six remained unchanged. All the most important series, however, either remained unchanged or were slightly higher than in August.

The latest reports from industrial centres indicate that order books are still in a satisfactory state and that the volume of business on hand is sufficient to enable many branches of activity to maintain the current volume of output for many months to come. At the same time, there has been a significant decline in the volume of new business in certain industries, as a direct consequence of the lull in world economic progress. If this hesitancy persisted over the winter, it would bring about a decline in industrial production next year, though the volume of orders on hand is generally sufficient to carry industry over a temporary lull. Whether the present lull in new orders is temporary or whether it marks the beginning of a definite downturn in the trade cycle it is as yet too early to say.

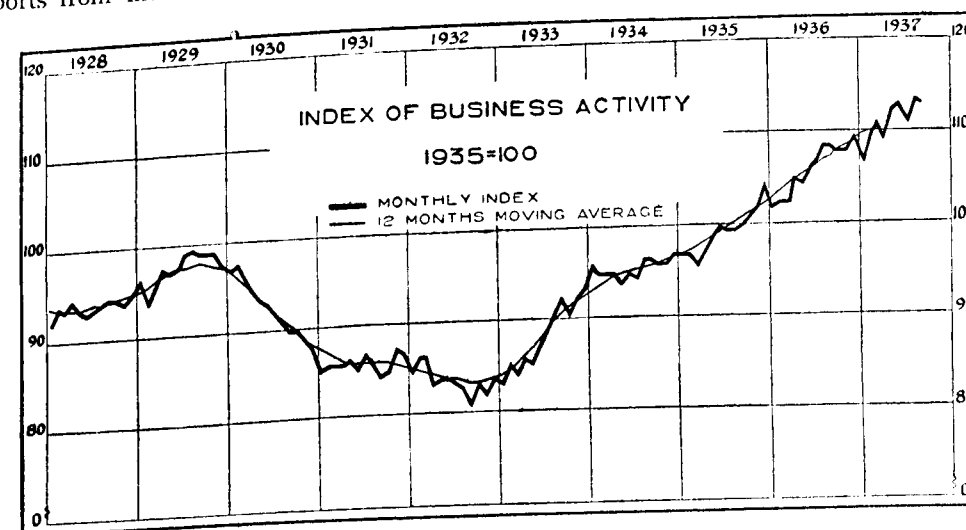
The iron and steel and metal-using industries are still favourably placed, and deliveries of many products, especially machinery, remain below requirements at current prices. While new orders are declining in certain branches, such as civil construction, shipbuilding, and heavy electrical machinery, the volume of armament contracts is either well maintained or still increasing. Despite the decline in the value of new plans passed by 146 Local Authorities, unemployment in the building and public works construction industries is still less than it was a year ago. Moreover, the recent decline in constructional activity is entirely seasonal. But a rise in steel prices (which, until recently, was being widely canvassed to take place early next year) might well lead to a reduction in civil contracts. Meanwhile, the domestic supplies of iron and steel are expanding with the completion of extensions to capacity, and the stringency of iron and steel supplies has been alleviated by a considerable expansion of imports, due, in a large measure, to the decline in demand in other importing countries and in the United States. Incidentally, the volume of imports last month was substantially in excess of British exports. Any decline in British steel consumption next year, however, would find the industry with a capacity substantially greater than at

present, and would probably involve pressure for a curtailment of imports, in an attempt to throw the burden of the reduction in demand on to foreign manufacturers.

The cotton and wool textile trades have experienced a definite reduction in new business, which can be attributed to the fall in the prices of their raw materials. In the jute industry activity has been severely curtailed owing to increasing competition from India. Automobile manufacturers, on the other hand, report a satisfactory volume of business, both for the home and export markets. New business in consumption goods trades, catering mainly for the home market, remains active. In view of the steadily growing national income, this is scarcely surprising. The value of retail sales, for example, is still on the upgrade, the official figures for September showing an increase of 8.6 per cent.

over the corresponding month last year.

Developments abroad have been less satisfactory. The persistent fall in the prices of primary products and in the value of industrial securities reflects, among other factors, a more pessimistic view of the future than was current only a



few weeks ago.

The fear of a major recession in the United States has been largely responsible for these developments. Indeed, the activity of the capital equipment industries in that country has taken a sharp downward turn during the past few weeks, and new capital investments have almost ceased for the time being. The railways have stopped orders for new equipment because of the decline in their revenues, due to the sharp advance of wages and other costs earlier in the year. Similarly, the Utilities, finding themselves unable to raise new capital, have curtailed orders for new equipment. Building contracts awarded have fallen off steeply owing to rising costs. Industry, moreover, has put into cold storage plans for extensions and renewals, for the Undistributed Profits Tax has denuded many companies of working capital, and recourse to the new issue market is virtually impossible under present conditions.

Business activity in the majority of European countries, except France, has been well maintained, though no further progress is expected for the time being. In France the outlook is more hopeful, but prospects are dependent on political developments. The political outlook, however, should become clearer after the forthcoming party conferences.

The latest news from the Dominions and South America remains satisfactory, but the future of these countries is dependent, in a large measure, on the course of the prices of primary products. In the Far East business has been severely dislocated and curtailed by the Sino-Japanese conflict. Taken as a whole, the latest developments abroad are not entirely reassuring, and the future trend of the prices of primary products, which vitally affects a large number of countries, is largely conditioned by the course of events in the United States.

British Industrial Developments

The following reports on British industry cover, in most cases, the period to the middle of October. In the remainder they relate to the month of September.

COAL

The industry is now beginning to benefit from a seasonal expansion of demand. Activity was maintained on a high level in September, when the output of saleable coal amounted to 20,421,000 tons, compared with 18,231,000 tons in the previous month and 18,805,000 tons in September, 1936. Employment showed a further improvement and was fairly good for the time of year in most districts. There was a marked decrease in the number of workpeople recorded as temporarily stopped in Yorkshire. Unemployment is now substantially less than at this time last year. Meanwhile, the demand for house coal has been slow to expand in recent weeks and pithead stocks are, consequently, tending to become unwieldy. A spell of cold weather is needed by this section of the trade. The market in industrial grades of coal and coke remains firm and demand continues active. Sales overseas were satisfactorily maintained last month, when total exports were 3,657,000 tons, compared with 3,031,000 tons in the same month of last year. Export contracts are keeping the collieries busy, though a shortage of shipping tonnage has lately been a handicap at South Wales ports. New business is, however, distinctly limited, British prices being sometimes too high to attract foreign buyers. Inquiry from France has been adversely affected by the fall in the franc.

IRON AND STEEL

In response to the sustained demand of the heavy industries, the iron and steel manufacturers are working at capacity. The output of steel last month, at 1,163,000 tons, constituted a record, while pig-iron production, at 726,700 tons, was the highest monthly figure since September, 1920. The employment position, accordingly, showed a further slight improvement, though temporary stoppages, owing to shortages of material, were again reported from some districts. The pressure on the home market is reflected in the overseas trade figures. British exports showed a further decline in September, although remaining above the level of a year ago. Imports, on the other hand, continued their remarkable expansion and were substantially larger than exports last month. While demand for the products of the industry remains active, the supply position is now appreciably less stringent than of late. Growing imports, the expansion of home capacity, and the cancellation of certain substantial orders in consequence of the Far Eastern crisis have all contributed to this result. Meanwhile, new business is very quiet, partly owing to the difficulty of securing early delivery and partly in consequence of the possibility of an alteration of prices next year. While the rise in costs is held to justify a further increase in selling prices, the view is gaining ground that it would be better to stabilise them at the present level to prevent a decline in demand. Thus the steel-sheet makers at a meeting last week decided to maintain their present prices for the whole of next year.

GENERAL ENGINEERING

The general lull in the activity of the engineering industry during the summer has given way to a marked expansion during the past few weeks. Not only is the volume of production still expanding, but, in contrast to a number of other branches of industry, new business is still on the up-grade. Government contracts, in particular, are still increasing, and the industry does not expect a decline in armament work for many months to come. In any case, the volume of work on hand is of such dimensions that the industry is assured of a high level of activity during the first half of 1938. Moreover, the improvement is not confined to the domestic market, for exports of machinery are running at a substantially higher level than a year ago. Imports, too, remain substantial in volume. Although the agreement concerning working conditions reached at the end of July has not yet been ratified, industrial relations continue satisfactory. There has been some difficulty over the demands of the apprentices, but their cause, apparently, is being taken up by the Unions.

SHIPBUILDING

In contrast to general engineering, the latest reports from the shipbuilding industry are less encouraging. According to the shipbuilding returns issued by *Lloyd's Register*, the volume of new mercantile tonnage commenced declined from 367,700 gross tons in the second quarter to 218,600 gross tons in the third quarter of this year. This decline is due to the uncertain outlook for international trade, which has prompted owners to refrain from ordering new mercantile tonnage on a large scale, especially as the cost of new vessels has risen very considerably over the past year. This development was not confined to the industry in this country, for the volume of tonnage commenced abroad also showed a decline, from 596,600 gross tons in April-June to 429,700 gross tons in July-September. So far, however, the decline in new orders has scarcely been reflected in current activity, the tonnage under construction at the end of September being 1,185,000 gross, against 1,200,000 gross at the end of June.

ELECTRICAL EQUIPMENT

The electrical equipment industry also remains active, though home and export orders for heavy electric machinery have recently tended to decline.

AUTOMOBILES

The Motor Show at Earls Court is reported to have been a great success and the attendance showed an increase of over 4,000 compared with a year ago. This year's attendance constituted a record since 1928. Meanwhile, the industry remains busy and sales continue above the 1936 level. New registrations of private cars in August amounted to 16,294, compared with 14,210 in the same month of last year—a gain of no less than 14.7 per cent. New registrations of goods vehicles were, however, 6.5 per cent. smaller than last year—4,726 against 5,057. Total exports of motor vehicles and chassis in September were 7,828 units, against 7,065 a year earlier. It is stated that the volume of export orders booked at the Show was highly satisfactory and that the outlook is promising.

BUILDING

The recent decline in building activity is due to seasonal influences. Indeed, the percentage of insured workers unemployed last month was slightly less than a year ago in the case of building and showed a considerable reduction in public works contracting. In general, the construction industries remain very active and, apart from a normal seasonal increase in unemployment during the winter, no serious curtailment of activity is likely to take place in the near future. The *Economist* Index of Building Activity, while remaining unchanged between August and September, shows a substantial decline over the past year. It must be remembered, however, that this Index is based on plans passed by 146 Local Authorities which do not include direct Government contracts. Hence, the index is no longer representative of the changes in the activity of the construction industry as a whole.

CHEMICALS

During the past month business on the home chemical market was steady and fairly active, chief interest being shown in industrial chemicals. Demand for wood distillation products was well maintained and business in pharmaceutical and other fine chemicals was about average for the time of year. A fair amount of actual orders placed have been small. Overseas trade in September, the value of exports being £309,492 greater and of imports £44,786 greater than in September, 1936. The improvement in the export market was fairly general, ammonium sulphate, coal tar products and fertilisers being particularly good items.

POTTERY

In North Staffordshire last month employment showed an improvement in all sections of the industry and was fair generally. At Bristol and Derby the position remained good. At Worcester, good. Meanwhile, exports of general earthenware and of electrical ware were larger than in September, 1936, but sales of china and of tiles were rather smaller.

FOOTWEAR

The position of the industry showed little change last month. Employment was fairly good on the whole, a slight decline in some districts being counterbalanced by an improvement in others. Exports of leather boots and shoes were again larger than in the corresponding month of 1936, shipments aggregating 35,008 dozen pairs, compared with 31,454 dozen pairs.

COTTON

Although the employment position was not quite so good in September as in August, activity in the industry was well maintained. New business, however, has again been restricted, mainly in consequence of the decline in raw cotton prices. The latter movement, in turn, is principally due to the excellent progress made by the United States cotton crop, which is now expected to yield as much as 18 million bales. The outstanding factor is the remarkably high yield per acre, brought about by favourable weather conditions and the increased use of fertilisers. Consumption is unlikely to exceed 13 million bales. Attention is now concentrated on the special session of Congress, due to begin on November 15th, for the future course of prices may be considerably influenced by the action there taken. Meanwhile, British exports of yarns and piece-goods last month were in excess of those for September, 1936, but new business has been patchy. Thus demand from India has been disappointing. Fair business has, however, been done for such outlets as Singapore, Egypt, South America, the Dominions and the Crown Colonies, though bulk lines have been scarce. Home buying has been limited. Business in yarns has been better than in cloth, and there is still a scarcity of certain counts and qualities of weft. Spinning production remains at about 92 per cent. of capacity, against 81 per cent. at this time last year.

JUTE

New business in yarns and cloth have been of small dimensions and the markets have an idle appearance. Buyers appear to be waiting for a reduction in prices, but spinners and manufacturers are unable to offer concessions in view of the maintenance of raw jute prices. Short-time working is, consequently, resorted to. Meanwhile, competition from India remains acute—not only on foreign markets, but on the home market as well. Efforts have been made to induce the Government to impose restrictions

on the importation of Indian jute manufactures. Negotiations to this end have, however, been suspended and the matter is in abeyance for the time being.

LINEN

New crop Irish flax has been sold at prices which show little change from those ruling last season. Business in Courtrai fibre has also been transacted at about unchanged rates. There are unconfirmed reports of bulk sales by the U.S.S.R. Buyers of yarn are not at present inclined to operate beyond actual requirements. Business in coarse cloth is slow in consequence of pressure from cotton, but quality goods maintain their position. The uncertainties of the Far Eastern outlook are a depressing factor.

RAYON

Little new business is being booked in rayon yarns or in fabrics and made-up goods. Deliveries, however, remain substantial and the yarn-producing companies are maintaining production on a high level. Prices for viscose are firm, but there is still weak selling of acetate yarns. A fair volume of inquiries is circulating, and it is thought in trade circles that the present quietness is unlikely to be prolonged.

WOOL

The slump in the price of raw wool, mentioned a month ago, has had a severely adverse effect on the wool textile industry. Confidence in the future has been undermined and buyers have held off the market pending a clarification of the outlook. Spinners and manufacturers are accordingly experiencing difficulty in keeping their machinery running, and are less prosperous now than they were a year ago. The deterioration of the position is reflected in a slight increase in unemployment last month. The movement occurred mainly in the preparing and spinning departments and has not, as yet, seriously affected the manufacturing section. Nevertheless, the unemployment percentage is now higher than a year ago, and a further increase seems probable in the absence of any improvement in the general political and economic outlook. Meanwhile, the trend of exports is not encouraging. Shipments of wool tops, of worsted yarns and of woollen tissues last month were smaller than in September, 1936; but exports of worsted tissues were larger.

AGRICULTURE AND FISHERIES

Corn crops are generally reported free from disease and the quality and condition of the grain is good. The estimated yields

of wheat, at approximately 15 cwt. per acre, barley, at approximately 14 cwt. per acre, and oats, at approximately 14½ cwt. per acre, are below the average yields of these crops for the ten years 1927 to 1936. The yield of main crop potatoes is forecast at about 6½ tons, which is equal to the final estimate for the ten years 1927 to 1936. The yields per acre of turnips and swedes for stock feeding or seed, estimated at about 11½ tons, mangolds, for stock feeding or seed, estimated at about 11½ tons, forecast to be about eight tons, are less than the average yields for the last ten years. Autumn cultivation is well forward. Cattle and sheep have done well and are being marketed in fair condition. Milk yields are about average for the time of year. During the first nine months of the current year British takings of wet fish were rather larger than in the same period in 1936, the aggregate being accounted for 11,123,126 cwt. of the total catch this year, against 10,441,126 a year earlier. Average prices were, however, below the level of a year ago. The total value of the catch consequently declined from £11,383,152 in the first nine months of 1936 to £11,050,726 in the same period of the present year.

SHIPPING

The continued strength of the freight markets during September is reflected in *The Economist* index, which advanced from 161.8 in August (1898-1913 = 100) to 169.8 last month. Since early October, however, an easier tendency has been evident and freight rates have declined. Meanwhile, the British tramp ship owners have adopted a scheme of voluntary co-operation, to come into force next January, when the Government subsidy scheme comes to an end.

RETAIL TRADE

The money value of retail sales last month, according to *The Board of Trade Journal*, was 8.6 per cent. above the level of September, 1936, this being the largest increase recorded since last May. Increases ranged from 3.4 per cent. in Central and West End London to 11 per cent. in the Midlands and South Wales. Sales of food and perishables, accounting for some 55 per cent. of the total, showed a gain of 8.8 per cent., while the expansion in the case of the non-food group amounted to 8.2 per cent. It is not possible to determine accurately what proportion of these increases is due to the rise of prices and what proportion is accounted for by an expansion of turnover.

UNITED KINGDOM—THE ECONOMIST INDICES OF BUSINESS ACTIVITY*
Daily Averages of 1935 = 100

Period	Employment	Consumption of Power		Transport		Postal Receipts	Building Activity	Consumption of		Foreign Trade			Bank Clearings		Complete Index	
		Coal	Electricity	Merchandise on Railways	Commercial Motors in Use			Iron and Steel	Cotton	Imports of Raw Materials	Exports of British Manufactures	Shipping Movements	Metropolitan, Country, Provincial	Town	Monthly	Twelve-Months' Moving Average
Number of Weights.....	10	4	2	4	2	3	2	2	1	2	3	2	4	1	42	
1929	98	103	88	127	76	95	60	97	111	98	137	108	91	109	98	...
1930	94	98	89	115	80	96	65	84	82	88	108	107	89	112	93	...
1931	91	92	86	86	86	94	62	73	86	82	80	97	86	96	87	...
1932	90	90	71	86	86	94	57	59	94	84	82	94	86	86	84	...
1933	93	90	88	89	89	96	73	70	101	92	85	96	91	88	89	...
1934	97	97	88	100	95	97	88	93	98	100	92	98	95	96	96	...
1935	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	...
1936	105	104	112	106	105	104	107	125	109	110	101	102	100	103	106	...
1934—September	98	95	88	102	97	96	90	90	98	101	101	98	94	89	96	95
October	98	97	89	100	95	97	91	94	89	98	95	95	96	91	96	96
November	98	99	94	98	95	97	93	89	87	99	93	97	95	114	97	96
December	98	93	87	99	95	101	92	96	97	94	98	100	99	100	97	96
1935—January	98	96	92	103	98	93	98	98	98	85	95	95	98	110	97	97
February	98	96	92	99	98	95	96	97	97	94	85	98	97	96	92	96
March	98	92	93	98	99	99	97	92	90	100	99	97	99	97	97	98
April	99	98	97	100	99	98	100	93	96	100	105	100	102	106	100	99
May	99	102	99	99	99	96	98	98	99	112	108	96	100	104	99	99
June	100	99	97	98	100	98	99	104	104	100	100	97	100	100	98	99
July	101	94	96	100	100	99	100	105	96	104	103	101	102	95	101	100
August	101	92	99	98	100	101	102	102	96	102	102	98	99	96	101	101
September	101	100	101	101	101	99	103	102	96	102	102	98	99	96	102	101
October	101	105	102	103	101	100	105	102	107	106	99	101	99	106	102	101
November	101	104	102	102	102	104	108	113	99	117	99	103	103	112	104	102
December	101	105	108	102	102	104	108	113	99	117	99	103	103	112	104	102
1936—January	101	107	104	104	103	101	106	117	106	97	92	98	98	91	102	102
February	102	100	108	102	104	101	107	115	100	98	102	100	99	93	102	103
March	103	98	105	105	104	102	106	112	101	99	99	99	100	94	102	104
April	103	103	111	106	105	104	102	108	110	107	98	98	101	97	105	104
May	104	102	107	104	105	103	109	121	119	117	98	102	104	104	106	105
June	105	104	109	106	105	103	109	123	120	117	105	101	105	103	108	106
July	106	104	111	109	106	108	108	132	107	123	105	107	104	106	114	108
August	106	102	112	106	107	104	107	127	102	117	107	104	106	111	108	108
September	106	104	113	107	108	107	105	125	100	119	108	108	107	122	109	109
October	107	104	117	113	108	108	103	134	109	108	108	108	107	122	109	109
November	106	107	117	113	108	108	103	134	109	108	108	108	107	122	109	109
December	106	107	117	113	108	108	103	134	109	108	108	108	107	122	109	109
1937—January	108	107	116	110	109	107	102	124	111	103	104	101	106	105	107	109
February	109	108	116	107	109	110	102	118	110	102	111	107	108	115	109	110
March	108	110	125	106	110	107	99	118	123	119	120	114	108	107	111	...
April	109	111	122	111	110	110	102	117	116	103	108	102	102	103	109	...
May	109	115	123	113	111	106	100	130	143	116	117	114	107	98	112	...
June	110	115	122	113	111	106	100	130	143	116	117	114	107	98	112	...
July	111	106	122	113	111	106	100	130	143	116	117	114	107	98	112	...
August	111	106	122	113	111	106	100	130	143	116	117	114	107	98	112	...
September	111	106	122	113	111	106	100	130	143	116	117	114	107	98	112	...

* For method of construction and earlier figures (1924-1936) see Supplement to *The Economist* of July 25, 1936. r Revised. p Provisional. † Annual indices represent averages of monthly figures.

(a) Old quarterly Board of Trade indices linked on to new indices; figures in italics based on old indices. (b) Annual figures relate to year ended September. (c) Daily average. (f) Monthly figures are cumulative.

UNITED STATES, FRANCE AND GERMANY

	Unit of Measurement	Monthly Average										1936		1937						
		1929	1930	1931	1932	1933	1934	1935	1936			Aug.	Sept.	Mar.	Apr.	May	June	July	Aug.	Sept.
UNITED STATES (Population 1934: 126,450,000; Area: 7,839,432 sq. kms.)																				
PRODUCTION																				
1. Industrial production, F.R.B. (a)	1929=100	100	80.7	68.1	53.8	63.9	66.4	75.6	88.1	90.8	91.6	99.2	99.2	99.2	99.2	95.8	95.8	98.3	93.3	93.3
2. Investment goods, F.R.B. (a)	"	100	76.8	48.2	27.9	41.2	46.5	63.2	82.4	87.1	87.4	93.8	96.8	99.1	92.6	100.3	100.3	100.3	100.3	100.3
3. Consumption goods, F.R.B. (a)	"	100	86.6	65.4	27.9	84.2	83.4	87.6	94.5	97.4	97.6	102.0	101.7	99.7	98.7	98.7	98.7	98.7	98.7	98.7
4. Coal	Million mt. tons	46.0	40.6	33.3	27.2	29.0	31.4	31.6	36.5	33.1	37.2	50.9	29.4	99.7	98.7	98.7	98.7	98.7	98.7	98.7
5. Electricity generated	Million kw. hrs.	8,113	7,995	7,644	6,842	7,111	7,599	8,283	9,461	9,814	9,722	10,228	9,868	9,975	10,071	10,339	10,339	10,339	10,339	10,339
6. Steel, orders filled	Million mt. tons	4,599	3,266	2,133	1,128	1,231	2,139	2,530	3,973	4,262	4,228	5,313	5,153	5,236	4,251	4,630	4,940	4,940	4,940	4,940
7. Index of mechanical orders	1929=100	100	46.0	26.0	12.6	17.4	29.7	55.5	87.7	81.6	76.2	135.8	181.4	134.0	123.0	140.9	115.4	115.4	115.4	115.4
8. Building contracts awarded	1929=100	100	46.0	26.0	12.6	17.4	29.7	55.5	87.7	81.6	76.2	135.8	181.4	134.0	123.0	140.9	115.4	115.4	115.4	115.4
9. Residential	Million \$	159.6	91.8	67.6	23.3	20.8	20.7	39.9	66.8	100.5	80.7	90.2	108.0	83.9	93.1	81.0	73.4	73.4	73.4	73.4
10. Other	"	319.6	285.1	190.1	83.9	83.8	107.9	114.1	156.1	174.8	153.6	141.0	161.9	160.2	225.0	240.6	211.7	211.7	211.7	211.7
11. Private cars	Thousands	382	232	166	88	131	181	271	306	210	90	40	96	91	86	79	83	83	83	83
12. Commercial vehicles	"	64	48	33	20	29	48	58	65	62	45	90	96	91	86	79	83	83	83	83
13. Activity in textile industry	1929=100	100	79.1	81.7	72.2	84.3	73.9	90.4	97.4	104.3	104.3	112.2	107.8	107.8	109.6	96.5	100.0	100.0	100.0	100.0
14. Stocks of raw materials	"	100	106.0	116.7	120.7	122.1	120.9	94.0	86.2	75.9	91.3	74.5	65.8	61.8	61.0	69.8	77.9	77.9	77.9	77.9
15. Stocks of manufactured	"	100	102.5	65.0	12.6	85.9	90.9	86.7	85.0	85.9	85.1	90.8	88.3	88.3	88.3	90.1	90.1	91.7	91.7	91.7
TRADE AND TRANSPORT																				
15. Index of Rly. car loadings	"	100	86.8	70.7	52.8	54.7	58.5	59.4	67.9	71.7	70.7	78.3	79.2	75.4	73.6	75.4	74.5	74.5	74.5	74.5
16. Index of Dept. Store sales	"	100	91.9	82.9	62.2	60.3	67.6	71.2	79.2	71.7	70.7	78.3	79.2	75.4	73.6	75.4	74.5	74.5	74.5	74.5
17. Retained imports	Million \$	362	260	174	110	119	136	170	202	200.8	218.4	296.0	281.7	278.8	278.7	263.4	245.7	245.7	245.7	245.7
18. Domestic exports	"	430	315	198	131	137	175	187	201	175.8	217.9	252.3	264.9	285.1	256.5	264.6	277.7	277.7	277.7	277.7
EMPLOYMENT AND WAGES																				
19. Factory employment, F.R.B. (a)	1929=100	100	87.2	73.8	62.6	68.8	78.8	82.1	87.8	89.5	89.6	96.4	97.2	97.6	96.8	98.4	98.4	97.8	97.8	97.8
20. Pay rolls, F.R.B. (a)	"	100	81.1	61.8	42.6	45.3	57.7	65.4	75.5	78.1	78.6	92.6	96.2	96.2	96.2	96.8	98.4	98.4	98.4	98.4
21. Hourly earnings, N.I.C.B. (a)	"	100	100	96	84	83	99	102	105	106.2	106.8	114.0	118.3	121.0	122.2	123.1	123.5	123.5	123.5	123.5
22. Av. hours of work, N.I.C.B. (a)	Number	48.3	43.9	40.4	34.8	36.4	34.7	37.2	39.7	40.0	40.6	41.6	40.8	40.5	40.1	39.2	38.9	38.9	38.9	38.9
23. Number unemployed, A.F.L.	Thousands	1,864	470	8,738	13,723	13,723	12,364	12,308	10,777	10,777	10,777	10,777	10,777	10,777	10,777	10,777	10,777	10,777	10,777	10,777
PRICES																				
24. Cost of living, N.I.C.B. (a)	1929=100	100	96.2	87.2	77.9	74.9	79.4	82.6	84.8	85.5	85.8	87.8	88.2	88.7	88.8	88.8	88.8	88.8	88.8	88.8
25. Wholesale prices, D. of Lab. (a)	"	100	90.7	76.6	68.0	69.3	78.7	83.9	84.8	85.6	85.7	87.8	88.2	88.7	88.8	88.8	88.8	88.8	88.8	88.8
26. " raw materials	"	100	86.5	67.3	56.5	57.9	70.4	79.1	82.0	83.6	83.9	92.1	92.3	91.7	91.5	92.2	91.9	91.9	91.9	91.9
27. " semi-manufactures	"	100	87.2	73.5	63.2	61.4	77.6	78.4	80.8	80.6	80.9	92.2	90.9	89.3	88.3	86.5	86.5	86.5	86.5	86.5
28. " Finished goods	"	100	93.1	81.5	74.4	74.6	82.8	87.0	86.8	87.2	87.1	91.4	92.4	93.1	92.4	92.4	92.4	92.4	92.4	92.4
29. " Farm products	"	100	84.1	61.8	45.9	49.0	62.3	75.1	77.2	79.9	81.1	91.4	92.4	93.1	92.4	92.4	92.4	92.4	92.4	92.4
30. 351 Indus. securit's, Stand. Stat.	"	100	74.2	45.9	24.4	35.0	42.9	48.0	67.3	67.7	68.7	80.3	75.3	72.4	70.6	74.6	75.8	65.7	65.7	65.7
FINANCE																				
31. Total Res. Bank credit	Million \$	1,739	1,386	1,853	2,171	2,674	2,470	2,486	2,500	2,471	2,473	2,458	2,565	2,585	2,562	2,574	2,577	2,577	2,577	2,577
32. Gold stock	"	3,900	4,225	4,051	4,045	4,012	8,238	10,125	11,258	10,716	10,845	11,574	11,799	11,989	12,316	12,445	12,566	12,566	12,566	12,566
33. Money in circulation	"	4,578	4,603	5,360	5,388	5,519	5,536	5,582	6,543	6,227	6,267	6,377	6,426	6,462	6,447	6,460	6,524	6,524	6,524	6,524
34. Member Bank Res. Balances	"	2,355	2,471	1,981	2,509	2,729	4,096	5,587	6,606	6,410	6,357	6,377	6,426	6,462	6,447	6,460	6,524	6,524	6,524	6,524
35. " Excess Reserves	"	-78	96	-33	576	859	1,814	2,844	1,984	1,950	1,840	1,398	1,994	918	865	791	773	773	773	773
36. Member Bank in 101 towns:	"	19,112	18,660	15,985	14,965	11,383	11,419	13,888	15,571	14,911	15,116	15,126	15,158	15,528	15,186	15,239	22,332	22,332	22,332	22,332
37. deposits: Demand	"	13,070	13,654	11,453	10,527	4,790	4,781	4,911	5,067	5,028	5,063	5,144	5,158	5,188	5,235	5,252	5,268	5,268	5,268	5,268
38. " Time	"	26,901	23,113	17,119	12,189	13,788	15,701	18,678	23,238	17,106	17,586	21,605	20,051	19,292	20,019	20,182	18,409	18,409	18,409	18,409
39. Bank debits outside N. Y. City	"	7.61	2.94	1.74	2.05	1.16	1.0	0.56	0.91	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
40. Call money	%	3.60	3.28	3.31	3.66	3.31	3.10	2.69	2.47	2.48	2.41	2.50	2.74	2.87	2.84	2.59	2.89	2.89	2.89	2.89
41. Yield on Govt. bonds	"	595	848	260	99	59	115	123	166	218	409	185	152	150	359	250	76	76	76	76
42. Capital issues, C.F. Chronicle	Million \$	595	848	260	99	59	115	123	166	218	409	185	152	150	359	250	76	76	76	76
FRANCE (Population 1936: 41,906,000; Area: 550,986 sq. kms.)																				
PRODUCTION																				
43. Industrial production S.G.F. (b)	1929=100	100	100.7	89.2	69.1	77.0	71.2	67.6	70.5	66.9	68.4	74.8	75.6	74.8	73.4	71.9	65.5	65.5	65.5	65.5
44. Coal	Thous. met. tons	4,482	4,490	4,167	3,856	3,907	3,969	3,851	3,769	3,154	3,484	4,087	3,910	3,910	3,414	3,509	3,530	2,587	2,587	2,587
45. Electricity	Thous. met. tons	100	99.2	98.3	88.2	96.7	98.3	104.2	104.2	96.7	98.4	112.6	116.8	118.0	115.0	115.0	115.0	115.0	115.0	115.0
46. Steel	Thous. met. tons	808	787	652	470	544	512	522	559	460	545	679	684	651	685	685	577	577	577	577
47. Building activity	1929=100	100	111.4	101.6	81.3	74.0	66.7	55.3	52.0	50.4	47.1	54.5	50.4	49.6	46.7	44.7	43.1	43.1	43.1	43.1
TRADE AND TRANSPORT																				
48. Rly. car loadings, daily	Thous. cars	65.1	65.4	53.9	47.3	45.2	42.5	40.1	40.9	37.2	40.3	41.3	41.9	39.8	41.9	39.7	36.9	36.9	36.9	36.9
49. Imports	Mill. frs.	4,852	4,378	3,570	2,536	1,642	1,539	1,487	1,289	1,174	1,062	1,327	1,297	1,371	1,759	1,997	1,872	1,872	1,872	1,872
50. Exports	"	4,178	3,570	2,536	1,642	1,539	1,487	1,289	1,288	1,174	1,062	1,327	1,297	1,371	1,759	1,997				

EUROPEAN COUNTRIES
(Bi-monthly Table)

	Unit of Measurement	Monthly Average		1936		1937											
1929	1930	1931	1932	1933	1934	1935	1936	Aug.	Sept.	Mar.	Apr.	May	June	July	Aug.	Sept.	
AUSTRIA (Population 1935: 6,786,000; Area: 84,000 sq. kms.)																	
1. Industrial production (a).....	1929=100	100	81	69	60	62	68	77	81	77	78	94	101	107	112	111	112
2. Retained imports.....	Mill. schilling	271-88	224-93	150-11	115-29	95-68	96-07	100-52	104-10	95-25	104-33	126-83	121-67	121-14	125-32	117-78	112-27
3. Domestic exports.....	"	182-38	154-24	107-59	63-69	64-56	71-42	74-58	79-32	75-89	84-56	104-96	102-79	98-29	104-16	108-22	101-12
4. Applicants for work.....	Thous.	192-1	242-6	300-2	377-9	405-7	370-2	348-7	349-7	304-7	304-0	367-9	330-8	303-6	281-4	372-8	261-8
5. Wholesale prices.....	1929=100	100-0	90-0	83-9	86-2	83-1	84-6	84-4	83-9	83-9	84-2	86-4	87-2	88-8	91-0	94-4	94-1
6. Cost of living.....	"	100-0	100-0	95-5	97-5	94-8	94-5	94-4	94-4	94-0	82-1	102-2	96-6	93-2	91-0	94-8	97-9
7. Price of industrial securities.....	"	100-0	84-0	64-0	54-5	45-1	49-4	65-3	81-8	80-7	82-1	102-2	96-6	93-2	91-0	94-8	97-9
8. Notes in circulation.....	Mill. schilling	1,094	1,090	1,183	914	952	964	976	944	943	944	891	905	882	896	915	914
BELGIUM (Population 1934: 8,276,000; Area: 30,000 sq. kms.)																	
9. Industrial production.....	1929=100	100-0	88-8	81-1	69-1	71-4	72-3	83-0	87-1	77-0	78-4	90-4	90-9	87-7	90-4	85-6	81-1
10. Retained imports.....	Mill. francs	2,961	2,581	1,979	1,347	1,235	1,142	1,426	1,758	1,639	1,856	2,514	2,446	2,386	2,241	2,081	2,178
11. Domestic exports.....	"	2,649	2,172	1,922	1,234	1,169	1,123	1,317	1,644	1,615	1,702	2,354	2,287	2,171	2,249	2,071	2,056
12. Unemployed.....	Thousands	27-3	74-2	201-1	366-5	58-9	55-6	63-1	69-1	68-4	69-8	81-4	81-4	81-4	81-4	81-9	82-5
13. Wholesale prices.....	1929=100	100-0	87-4	73-0	62-5	82-6	79-4	79-9	84-7	83-9	85-3	89-7	88-8	88-0	90-0	92-1	92-8
14. Cost of living.....	"	100-0	103-6	93-0	87-4	36-4	30-8	37-4	47-0	47-0	46-4	68-6	62-0	61-5	61-6	67-5	64-9
15. Price of industrial securities.....	"	100-0	68-2	49-5	37-4	36-4	30-8	37-4	47-0	22,395	22,531	22,022	22,104	21,902	22,089	22,201	22,024
16. Notes in circulation.....	Mill. francs	13,425	16,419	18,270	18,135	17,093	17,650	20,583	22,702	5,946	6,204	6,425	6,237	6,290	6,895	6,590	6,825
CZECHOSLOVAKIA (Population 1935: 15,158,000; Area: 140,000 sq. kms.)																	
17. Retained imports.....	Mill. kr.	1663-5	1309-4	980-3	623-9	485-9	531-8	561-5	659-1	583-4	611-1	850-5	1021-2	978-9	976-2	831-9	931-2
18. Domestic exports.....	Thousands	1708-1	1456-0	931-3	554-0	738-3	677-0	688-3	622-7	696-5	710-0	981-0	951-9	1041-4	980-4	873-0	1144-3
19. Registered unemployed.....	1929=100	100-0	86-4	80-6	74-5	72-2	74-0	77-7	74-7	75-9	77-1	83-7	82-7	82-4	85-5	94-8	94-4
20. Wholesale prices.....	"	100-0	91-8	83-4	91-7	90-7	89-6	82-3	93-1	82-8	92-5	93-7	93-7	93-7	90-0	92-1	92-8
21. Cost of living.....	"	100-0	81-8	65-0	51-7	56-6	60-1	65-6	88-4	88-0	91-9	125-7	125-7	125-7	112-0	116-5	116-9
22. Price of industrial securities.....	Million kr.	8,230	7,824	7,679	6,755	6,334	6,017	6,137	6,972	5,946	6,204	6,425	6,237	6,290	6,895	6,590	6,825
23. Notes in circulation.....	"	1,361	1,279	1,293	1,085	1,184	1,277	1,381	1,630	1,503	1,551	1,913	2,008	1,940	1,859	1,841	1,888
DENMARK (Population 1935: 3,684,000; Area: 43,000 sq. kms.)																	
24. Industrial production (b).....	1929=100	100	108	100	91	105	117	125	130	134	134	136	137	138	136	134	132
25. Retained imports.....	Mill. kr.	142-91	138-03	117-48	91-97	102-08	108-89	107-22	119-26	113-57	148-99	140-80	138-10	146-50	140-78	120-80	128-87
26. Domestic exports.....	"	132-63	126-97	104-97	90-53	96-90	97-96	101-12	110-55	116-96	115-93	117-20	136-30	122-03	119-67	130-17	125-86
27. Applicants for work.....	Thousands	44-6	40-6	59-4	126-0	121-1	97-6	92-4	93-3	61-4	64-9	131-3	86-4	73-4	69-4	75-8	76-4
28. Wholesale prices.....	1929=100	100-0	86-4	75-8	78-0	83-3	90-2	92-4	97-7	97-7	98-5	108-3	110-6	111-4	103-6	106-6	105-9
29. Cost of living.....	"	100-0	94-6	89-3	89-3	83-1	96-2	98-7	105-7	108-5	106-9	137-8	392	384	387	386	376
30. Price of industrial securities.....	Mill. kr.	367	360	346	332	375	386	384	399	378	377	378	392	384	387	386	376
31. Notes in circulation.....	"	367	360	346	332	375	386	384	399	378	377	378	392	384	387	386	376
FINLAND (Population 1934: 3,558,000; Area: 388,000 sq. kms.)																	
32. Industrial production (a).....	1929=100	100-0	90-8	80-0	83-3	95-8	116-7	125-0	133-3	130-8	139-2	140-8	155-0	137-5	135-0	134-0	132-0
33. Retained imports.....	Million mks.	583-5	437-3	288-7	291-9	327-3	398-0	445-4	530-7	527-5	600-9	583-8	528-6	620-7	897-8	872-7	840-4
34. Domestic exports.....	Thousands	3-906	7-993	11-522	17-481	14-514	518-8	520-0	601-9	701-5	712-4	483-8	620-7	620-7	2-076	2-089	2-794
35. Registered unemployed.....	1929=100	100-0	91-8	85-7	91-8	90-8	91-8	91-8	81-5	81-6	82-0	84-7	85-0	84-4	84-5	85-9	87-6
36. Wholesale prices.....	"	100-0	91-8	82-2	84-8	83-7	81-0	80-2	81-4	81-5	81-6	82-0	84-7	85-0	84-4	84-5	85-9
37. Cost of living.....	Mill. markka	1,361	1,279	1,293	1,085	1,184	1,277	1,381	1,630	1,503	1,551	1,913	2,008	1,940	1,859	1,841	1,888
38. Notes in circulation.....	"	1,361	1,279	1,293	1,085	1,184	1,277	1,381	1,630	1,503	1,551	1,913	2,008	1,940	1,859	1,841	1,888
HOLLAND (Population 1935: 8,474,000; Area: 34,000 sq. kms.)																	
39. Industrial production.....	1929=100	100-0	91-4	79-0	62-3	69-1	69-8	66-3	71-9	66-7	69-1	93-8	96-9	97-5	97-5	102-5	93-2
40. Retained imports.....	Mill. gulden	229-36	201-52	157-73	108-29	100-73	86-52	77-99	84-71	81-69	81-85	125-19	142-30	128-26	139-83	146-36	122-64
41. Domestic exports.....	"	165-79	143-24	109-32	70-51	60-49	52-32	38-26	42-15	63-19	71-80	94-36	101-19	90-22	94-75	101-06	98-27
42. Unemployed registered.....	Thousands	100	102	100	93	89	83	82	81	84	81	403-4	359-7	328-5	310-6	312-9	312-9
43. Index of wages (early earnings).....	1929=100	100-0	89-9	76-5	64-8	63-1	63-2	61-7	64-0	62-9	62-8	76-2	77-3	76-9	76-5	77-7	77-8
44. Wholesale prices.....	"	100-0	95-8	90-0	83-9	83-0	83-4	81-1	78-6	78-6	79-9	81-0	81-1	81-1	82-1	82-6	82-8
45. Cost of living.....	"	100-0	70-4	52-5	34-8	38-0	40-1	38-7	45-1	42-0	42-7	71-3	69-2	66-8	65-4	68-3	73-2
46. Price of industrial securities (c).....	Mill. gulden	862	847	1,025	963	913	913	810	793	782	774	815	797	837	822	823	853
47. Notes in circulation.....	"	862	847	1,025	963	913	913	810	793	782	774	815	797	837	822	823	853
ITALY (Population 1935: 43,009,000; Area: 310,000 sq. kms.)																	
48. Industrial production.....	1929=100	100-0	91-9	77-6	66-9	73-7	80-0	93-8	87-5	81-0	91-1	99-3	104-1	106-9	91-5	86-7	86-7
49. Retained imports.....	Million lire	1805-6	1445-6	970-3	689-0	618-9	639-6	649-2	501-2	486-1	466-6	1081-9	1243-3	1353-7	1567-1	1112-0	1124-7
50. Domestic exports.....	Thousands	1269-7	1009-9	850-8	506-4	411-0	963-7	1019-0	963-7	421-8	481-0	828-2	976-9	848-2	162-1	722-3	914-3
51. Wholly unemployed.....	1929=100	100-0	80-8	78-1	73-0	66-5	65-0	71-5	80-1	79-6	80-6	89-2	90-3	92-0	93-9	94-7	95-6
52. Wholesale prices.....	"	100-0	96-6	87-2	83-1	79-6	75-5	76-6	82-6	82-2	82-6	86-2	87-8	92-0	90-0	91-8	92-2
53. Cost of living.....	Million lire	16,774	15,680	14,295	13,672	13,243	13,145	16,297	16,525	15,871	15,645	15,871	15,645	15,871	15,645	15,871	15,645
54. Notes in circulation.....	"	16,774	15,680	14,295	13,672	13,243	13,145	16,297	16,525	15,871	15,645	15,871	15,645	15,871	15,645	15,871	15,645
NORWAY (Population 1935: 2,884,000; Area: 323,000 sq. kms.)																	
55. Industrial Production.....	1929=100	100-0	101-0	78-9	92-7	93-8	97-7	105-1	115-2	115-8	122-5	127-7	119-8	125-2	133-2	113-8	131-7
56. Retained imports.....	Million krone	88-61	87-98	71-20	56-89	54-76	60-74	68-14	76-36	73-22	77-29	100-66	129-70	119-80	103-75	103-77	95-67
57. Domestic exports.....	"	61-89	56-23	38-31	46-75	45-82	47-40	49-80	56-21	50-59	60-33	62-13	68-46	60-69	57-89	65-78	62-33
58. Unemployed registered.....	Number	19,059	19,353	27,479	32,705	35,591	35,121	36,103	32,643	23,477	28,122	32,951	31,824	26,028	2		

TRADE SUPPLEMENT

No. 11

The Trend of Business

The Trend of Business

being still smaller than a year ago. The aggregate value of building plans passed in October by 146 local authorities was practically as high as a year ago, and there are still no definite indications of a slump in building activity, at any rate before the spring. Despite the precipitous decline in contracts for new merchant ships, shipyards remain active on previous orders. Moreover, the anticipated further increase in naval contracts is likely to offset, at least partially, any decline in mercantile work during the next few months. Since the long time taken by the metal-using industries in completing orders is likely to ensure sustained activity for some time to come, the current lack of replacement orders may not be felt by many branches until some time next year.

So far, however, the volume of activity in this country has been well maintained. The *Economist* Index of Business Activity, adjusted for seasonal movements, declined only slightly from 1921 (1925 = 100) in September to 113

Activity, adjusted for seasonal movements, declined only slightly, from 113½ (1935 = 100) in September to 113 in October, compared with 108 a year ago. Seven of the 14 component series of *The Economist* Index given on page 11 rose between September and October, and six showed a decline, while one remained unchanged.

While unfavourable economic developments abroad have as yet scarcely affected current activity, the widespread decline in new orders, unless reversed, is likely sooner or later to lead to a curtailment of production. No sudden decline, however, is expected, for most industries have still a considerable amount of work on hand. Meanwhile, there are no indications of an early improvement in the prices of primary products and in the general international background.

As is shown by the latest reports of developments in the principal industries, summarised on pages 10 and 11, most branches of business remain very active. For example, our index of domestic steel consumption for October is 158½ (1935 = 100), against 127½ a year ago, an indication of the sustained activity in the metal-using industries. The decision of the British Iron and Steel Federation to leave steel prices unchanged has been welcomed by most consumers as giving at least a temporary stability to the market; but it is questioned in some quarters whether the Federation will be able to maintain the present prices until the end of 1938, as is the present intention. Moreover, owing to the steady expansion of home production and the increase in imports, the scarcity of steel is now much less acute, though semi-finished materials are still in short supply. Pressure for delivery remains as strong as ever, and as armament demand is still on the up-grade, consumption of steel is likely to be maintained at a high level during the next few months. Among the principal consumers of steel, the engineering industry remains very active, and even if the recent lull in new orders were to continue, the volume of orders on hand is sufficient to keep the industry busy for many months. Apart from a normal seasonal decline in activity, operations in the building and contracting trades remain at a high level, the proportion of insured workers unemployed

year.

The trend of activity in consumers' goods industries has been uneven. In general, those branches of activity which depend mainly on the home market remain very active. In the case of a number of other industries, however, the recent decline in new business is causing considerable anxiety. In the cotton industry, for example, the persistent

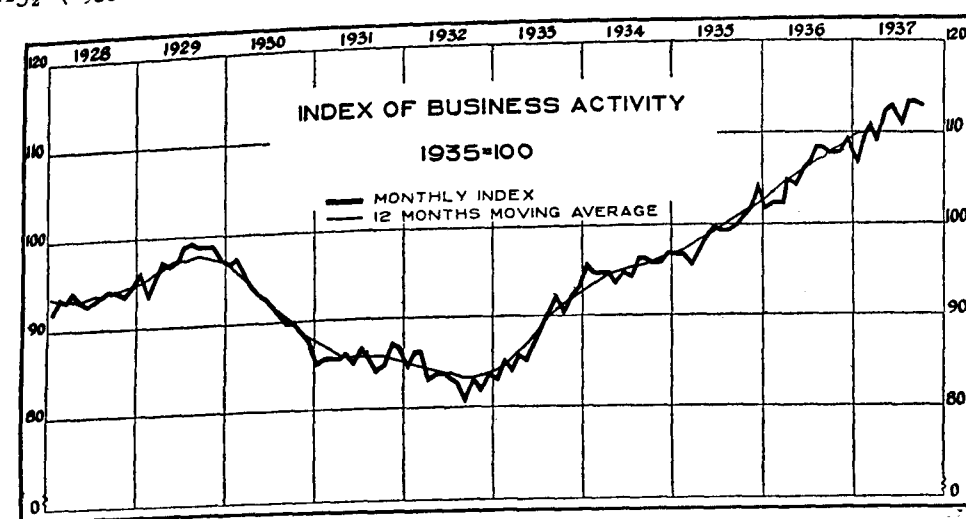
The graph displays the Business Activity Index (1926=100) from 1933 to 1937. The Y-axis represents the index value, ranging from 80 to 120. The X-axis shows the years 1933, 1934, 1935, 1936, and 1937. The index starts at approximately 80 in 1933, rises to about 90 by 1934, and continues to climb with fluctuations, reaching approximately 110 by 1937.

Year	Business Activity Index (1926=100)
1933	80
1934	90
1935	95
1936	105
1937	110

decline of raw material prices has checked forward purchases, and sales of yarn in recent weeks have been below current production. Unless turnover increases again in the near future, curtailment of activity and smaller profit margins seem inevitable. In the wool textile industry recession has already begun, for the number of unemployed last month showed an increase over October, 1936. The motor industry, on the other hand, remains active, and the decline in new registrations of private cars between September, 1936, and September, 1937, is said to be due to the delay in the introduction of new models this year.

The outstanding development abroad has been the rapid decline of business activity in the United States. Expenditure on new capital equipment has been severely curtailed. The extent of the decline in general business is reflected by the fall of the *New York Times*' Index of Activity from 104.7 during the week ended September 25th to 94.0 during the first week of November. Again, the curtailment of expenditure on capital equipment is revealed by the decline in steel mill operations from 74.4 per cent. of capacity during the week ended September 27th to 31 per cent. this week.

So far, the decline in quotations for primary products has scarcely affected business activity in the leading exporting countries, though prospects in the Dominions and the Argentine are less promising. In Scandinavia and Germany industrial production remains at a high level, but the latest reports from Holland, Austria, and Belgium are less favourable. In France the downward trend of activity was arrested in September, but the position still remains precarious. In the Far East business has been disorganised by the Sino-Japanese conflict, with disastrous consequences to China's foreign trade.



		GROUP II (a).—BI-MONTHLY TABLE.																	
RUBBER																			
1. Production : Ceylon	Thous. tons	6-69	6-30	5-19	4-10	5-32	6-59	4-52	4-14	3-94	5-37	7-05	3-42	4-61	5-15	6-28	7-31	...	
2. " D. E. Indies	"	21-22	20-53	21-40	17-58	23-51	31-60	23-54	25-81	23-31	21-84	40-93	33-14	38-55	47-12	44-24	40-61	...	
3. " British Malaya	"	38-05	36-90	35-20	33-80	37-10	38-90	34-71	29-48	25-31	24-84	40-93	33-14	38-55	47-12	44-24	40-61	...	
4. " World	"	72-20	68-80	66-60	59-05	71-09	84-93	72-68	71-36	71-18	72-30	102-44	89-68	88-78	95-97	112-26	102-23	...	
5. " Quota of restricting countries...%	% of est. cap'city	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
6. Consumption : U.K.	Thous. tons	6-02	6-38	6-38	6-50	6-63	9-18	8-29	6-59	3-00	65-00	75-00	80-00	80-00	80-00	90-00	90-00	...	
7. " World	"	38-95	31-33	29-58	28-68	34-33	38-75	41-04	47-79	46-78	45-24	12-03	7-14	8-22	8-36	11-08	12-72	...	
8. " Reclmd. in U.S.A.	"	67-12	59-53	57-05	57-70	68-73	78-78	78-58	85-07	81-28	82-54	52-94	51-80	51-73	51-80	43-63	41-46	...	
10. Stocks : U.K. end year	"	18-08	12-79	10-46	9-72	7-08	8-78	9-40	9-42	10-84	11-96	12-15	15-60	12-67	99-31	95-50	89-60	...	
11. " U.S.A. "	"	73-28	118-16	127-1	92-70	89-5	134-9	164-3	78-5	108-2	103-96	52-1	48-7	14-69	14-31	11-92	14-67	...	
12. " World	"	118-6	201-0	322-0	379-0	365-0	589-0	303-0	218-8	230-2	233-3	191-6	174-9	173-0	166-6	164-4	171-1	...	
13. Price : London, std. sm. sheet	pence per lb.	10-25	5-91	3-13	2-34	3-25	6-22	6-00	7-75	467-4	462-1	290-3	266-3	257-4	259-9	396-4	468-3	...	
RAYON																			
(i) Continuous Filament																			
14. Production : France (e).....	Mill. lb.	3-1	3-3	3-7	4-3	4-8	4-8	4-4	3-5	2-7	2-7	4-0	4-0	4-0	4-0	...	...	...	
15. " Germany (e).....	"	4-9	4-9	5-2	4-6	5-2	6-1	7-7	8-3	9-3	9-3	9-0	9-8	9-8	9-8	...	...	...	
16. " Italy (e).....	"	5-9	5-5	6-4	5-9	5-9	7-2	8-7	9-3	9-3	9-3	9-0	9-8	9-8	9-8	...	...	...	
17. " Japan	"	2-1	3-0	4-0	6-3	8-2	13-0	18-8	22-9	7-5	7-5	8-9	8-6	9-0	8-7	9-2	...	...	
18. " U.K.	"	4-4	4-2	4-5	5-7	6-9	7-5	9-3	9-7	23-5	24-2	26-5	26-9	28-0	27-9	29-5	...	...	
19. " U.S.A.	"	10-1	10-6	12-6	11-2	17-8	17-7	21-5	23-2	23-7	23-7	8-6	10-9	9-5	10-8	11-2	8-3	10-7	
20. " World (e)	"	36-0	37-0	41-8	44-0	55-2	63-2	77-6	85-2	86-3	86-3	91-6	96-0	96-0	96-0	96-0	...	...	
21. Price:Viscose, std. grade, per lb.	pence	...	...	78-0	77-0	72-0	59-0	55-5	55-5	55-5	55-5	55-5	55-5	55-1	55-0	55-0	55-0	...	
(ii) Staple Fibre																			
22. Production : France (e).....	Mill. lb.	...	...	...	0-1	0-2	0-4	0-7	1-0	0-7	0-7	1-1	1-1	1-1	1-1	...	...	...	
23. " Germany (e).....	"	0-3	0-5	0-5	0-6	0-8	1-4	2-7	3-3	3-3	3-3	4-0	4-0	4-0	4-0	...	...	...	
24. " Italy (e).....	"	0-1	0-1	0-1	0-8	1-0	1-8	5-5	6-7	6-4	6-0	12-0	12-5	12-1	1-1	...	...	...	
25. " U.K.	"	0-2	0-1	0-1	0-1	0-1	0-4	1-1	1-3	3-7	3-8	13-4	13-2	13-1	12-9	13-1	...	...	
26. " U.S.A. (e).....	"	0-0	0-0	0-1	0-2	0-2	0-3	0-8	2-4	2-0	2-7	10-1	11-5	12-9	15-3	16-9	...	...	
27. " World (e)	"	0-7	0-6	0-8	1-8	2-5	4-5	11-4	22-6	22-8	22-8	1-3	1-3	1-3	1-3	...	...	...	
28. Price:Viscose, std. grade, per lb.	pence	...	...	...	...	...	...	...	...	...	...	40-8	42-8	44-2	46-3	...	...	...	
WOOL																			
30. Stocks : Australia, S. Africa, N. Zealand, June 30	Million lbs.	35	98	101	147	74	114	94	47	...	...	...	...	...	...	...	...	...	
31. Price : Weekly Wool Chart ... 1929=100	100	64-7	49-3	48-6	60-4	68-1	62-1	78-4	76-7	77-6	...	101-7	106-0	106-0	103-5	106-0	...	...	
PIG IRON																			
32. Production : France	Tb. metric tons	864	836	683	461	527	513	482	520	465	492	649	654	666	685	699	649	...	
33. " Germany	"	1,103	808	505	328	439	728	1,045	1,275	1,362	1,352	1,304	1,306	1,313	1,304	1,345	1,362	...	
34. " U.K.	"	643	524	318	303	359	506	641	589	661	661	682	697	707	711	741	725	...	
35. " U.S.A.	"	3,580	2,659	1,547	735	1,119	1,384	1,778	2,591	2,755	2,671	3,515	3,446	3,363	3,187	3,555	3,664	...	
36. " U.S.S.R.	"	382	417	405	513	597	867	1,042	1,193	1,111	1,199	1,218	1,217	1,259	1,289	1,254	1,243	...	
37. " All principal countries	"	7,974	6,454	4,480	3,170	3,959	5,026	5,882	7,290	7,416	7,542	8,882	8,588	8,378	8,396	8,602	8,955	...	
TEA																			
38. Exports : Ceylon	Million lbs.	21-0	20-2	20-3	21-1	18-0	18-2	17-7	18-2	16-6	13-4	18-1	21-1	25-9	19-6	19-6	14-7	...	
39. " Dutch East Indies	"	13-3	13-2	14-4	14-5	18-0	17-2	11-8	12-1	12-8	10-7	13-3	14-4	13-2	11-5	12-1	...	...	
40. " British India	"	32-0	30-0	28-8	30-8	27-2	28-0	27-4	28-2	39-8	49-8	7-1	9-1	9-5	13-9	32-2	...	...	
41. " Quota of Restricting countries (f)	"	80-6	74-7	75-3	77-7	70-7	71-9	70-1	70-3	84-0	94-7	55-4	50-7	58-5	53-8	...	...	...	
42. " countries (f)	% of std. quant'y	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
43. Consumption : U.K.	Mill. lbs.	35-4	36-8	36-5	37-9	36-5	36-6	36-9	36-8	36-8	36-8	82-5	82-5	82-5	82-5	87-5	87-5	87-5	
44. " World	"	76-1	75-2	75-5	74-2	72-2	71-2	72-8	71-3	69-0	68-0	50-7	42-5	21-4	28-8	34-5	31-6	...	
45. Stocks : U.K. and Holland (e)	"	281-9	294-8	278-9	315-8	295-7	309-4	270-3	241-2	226-1	228-1	92-3	73-5	54-3	62-9	...	...	...	
46. Price, Av. London auctions ...	pence per lb.	16-25	15-23	12-24	9-45	11-11	11-11	11-11	11-11	11-11	11-11	11-11	11-11	11-11	11-11	...	...	...	

CROPS (Season ended in Year shown)												
Commodity	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942
							(a)	(a)				
Cotton (thous. bales)												
1. Brazil	471	575	438	1,014	1,359	1,785	1,707	2,000				
2. Egypt	1,655	1,271	991	1,715	1,851	1,707	1,821	2,228				
3. India	5,228	4,007	4,656	5,108	4,851	5,933	6,397					
4. U.S.A.	13,932	17,096	13,002	13,047	9,637	10,638	12,309	17,573				
5. World	26,688	28,034	24,433	27,355	24,575	27,539	32,310	38,573				
Wheat (mill. bushels)												
6. Argentina	232	220	241	286	241	141	250					
7. Australia	214	191	214	177	133	143	134					
8. Canada	421	321	443	282	276	277	234					
9. U.K.	12	36	44	62	70	65	53	188				
10. U.S.A.	886	937	757	552	528	626	627	56				
11. World	3,744	3,709	3,744	3,669	3,390	3,421	3,349					
Wool (mill. lbs.)												
12. Argentina	361	378	388	382	370	366	385					
13. Australia	912	1,007	1,063	996	1,015	971	1,010					
14. S. Africa	302	314	330	284	222	251	285					
15. N. Zealand	271	270	277	289	265	304	304					
16. U.K.	111	113	119	129	115	109	108					
17. U.S.A.	435	464	441	460	451	453	449					
18. World	3,847	3,842	3,857	3,743	3,656	3,713	3,880					
Sugar (thous. tons)												
19. Cuba	3,163	2,639	2,020	2,303	2,570	2,565	2,855					
20. Java	3,121	2,957	2,715	1,483	1,699	1,555	1,801					
21. U.K.	479	284	273	540	694	540	694					
22. World	29,113	20,780	25,310	24,791	28,701	28,701	27,311					

(a) Figures for 1936, and in the case of crops for 1936-37, 1937-38, are provisional.	(b) Figures for 1934 and 1935 are subject to revision.	(c) End of year.	(d) End of season.
(e) Monthly figures are averages of quarterly returns.	(f) Season beginning in April of year shown.		

Printed in Great Britain by EVYRE AND SPOTTISWOODE LIMITED His Majesty's Printers, East Harding Street, London, E.C.4. Published by THE ECONOMIST NEWSPAPER, LTD., at 8 Boulevard St., Fleet St., E.C.4.—Saturday, Oct. 30, 1937. Entered as Second Class Mail Matter at the New York, N.Y., Post Office.

British Industrial Developments

The following reports on British industry cover, in most cases, the period to the middle of November. In the remainder they relate to the month of October.

COAL

There was a slight reduction in the output of saleable coal last month, the total being 20,371,600 tons, against 20,421,000 tons in September. The decline was common to all the principal producing areas, with the exception of Yorkshire. Meanwhile, employment showed a modest improvement in some areas and was fairly good for the time of year. There was a marked decrease last month in the number of persons recorded as temporarily stopped in Lancashire, but an increase in South Wales and Monmouthshire. October was a bad month for the house-coal trade, and business in this section, though now showing an improvement, is still below normal for the time of year. Industrial grades of coal and coke, on the other hand, are in short supply, and the bulk of the output is taken up on contract account. The volume of coal exported and shipped as bunkers last month was higher compared with both the previous month and with October, 1936, and exporters remain busy on current contracts. During October and early November, however, new business was scarce and the market had a dull appearance. In consequence of rising prices in this country Britain's competitors have been gaining ground in the export markets. It is reported that some improvement in shipment demand was noticeable in mid-November, but it remains to be seen whether the improvement will last.

IRON AND STEEL

Perhaps the most important development this month was the decision of the British Iron and Steel Federation to leave basic steel prices unchanged until the end of 1938. The removal of the uncertainty concerning the future of prices called forth a substantial volume of inquiry, but most steelworks are so fully provided with orders that they are not anxious to add to their commitments for the time being. In contrast to the movement a year ago, the output of steel ingots and castings declined between September and October. Pig-iron production, on the other hand, reached a post-war record last month. Imports of iron and steel materials in October, though slightly lower than in September, were more than double those of a year ago, and again exceeded British exports. Exports showed some improvement last month, but remained below the level reached earlier in the year. British consumption remained at a high level and pressure for delivery is as strong as ever. Our index of domestic iron and steel consumption for October, for example, was 158½ compared with 127½ a year ago. But the stringency of supplies, though still noticeable in the case of semi-manufactured materials, is less acute owing to the steady expansion of home production and imports.

GENERAL ENGINEERING

Activity in the engineering industry has so far been well maintained. Moreover, the volume of inquiry for new business remains satisfactory, and the steel industry's decision not to change prices until the end of 1938 has been favourably received. Nevertheless, there are signs of hesitancy in the expansion of the industry, though the volume of orders on hand is large enough to ensure the maintenance of a high level of output for many months. Exports in October were higher in volume than in any month since October, 1930. Moreover, the improvement in exports has been fairly general. Imports also remain at a high level, the heavy intake of rolling-mill machinery for the British iron and steel industry being a special feature. As far as individual branches of the industry are concerned, there has been a seasonal increase in the agricultural implement section and further improvement in the textile machinery and machine tools branches. Activity in the mining and printing machinery and power equipment branches remains at a high level.

ELECTRICAL EQUIPMENT

Unemployment in the electrical equipment industry showed a slight increase between September and October. The B.E.A.M.A. Index of new domestic and foreign orders for heavy generating plant showed a further decline last month, but this index only covers one of the branches of electrical equipment and, consequently, is not representative of changes in the industry as a whole. Exports last month were satisfactory, shipments of both machinery and apparatus showing an increase in value over the corresponding month last year.

AUTOMOBILES

Sales of private cars on the home market in September showed a decrease of 1,232 units, or 5.7 per cent., compared with the previous month, while sales of goods vehicles were 4 per cent. lower. It is held in trade circles, however, that this decline in new business does not indicate any real regression. The offer of new models was delayed longer this year than last, and a commercial motor exhibition was held in November. Both these factors are believed to have delayed consumers in making purchases, and it is hoped that the November and December figures, when available, will show a recovery. Exports of private cars and chassis last month were a shade smaller than in the previous year—6,372 units,

compared with 6,389; but overseas sales of commercial vehicles rose from 1,784 to 1,916 over the year. In the first ten months of the current year total exports showed one of the largest increases ever recorded.

BUILDING

Activity in the building trades is maintained on a high level, and the position showed little change last month. Employment registered a slight general decline, affecting all administrative divisions and all occupations except plumbers, being most marked in the painting and decorating branch of the industry. There was little change compared with October, 1936. Meanwhile, the building plan figures, published in the "Ministry of Labour Gazette," although still running rather below last year's corresponding totals, are well maintained. Plans approved for dwelling-houses last month were slightly smaller, in value terms, than last year's corresponding total, but plans approved for business premises, churches, schools, public buildings and other purposes were higher. The outlook has been somewhat improved by the decision to maintain the price of basic steel products unaltered until the end of 1938. Certain other costs have declined in recent weeks. There is no indication of a serious fall in building activity, apart from seasonal factors, in the immediate future.

CHEMICALS

In most sections of the home chemical industry business was fairly active during the past month. Business in industrial chemicals and wood distillation products has continued steady and satisfactory for the time of year, and a fair number of inquiries have been received for pharmaceutical and other fine chemicals. The coal tar products market has, however, been rather dull. Overseas trade in chemicals, drugs, dyes and colours showed a continued improvement in October, exports increasing in value by £185,309 and imports by £77,900 as compared with October, 1936. Total exports during January-October, 1937, have now reached a value which is more than three million pounds greater than the total for the first ten months of 1936.

POTTERY

The position of the industry showed little change last month. In North Staffordshire employment remained fair on the whole. At Bristol there was a slight decline, but employment at Derby continued good. At Worcester there was a slight improvement and employment was fairly good. Meanwhile, the export position continues to show progress. Overseas sales of general earthenware, tiles, sanitary ware and electrical ware were all larger last month than in October, 1936, but exports of china showed a slight decline.

FOOTWEAR

Conditions showed little general change last month and remained somewhat patchy. The unemployment percentage was unaltered and both overtime and short-time working were common. Exports were rather larger in October than in September, but were smaller than in the corresponding month of the two previous years.

COTTON

The cotton textile industry remains busy, as is shown by the improvement in the employment position last month, but new business has again shown a decline. The latter development is mainly attributable to the sagging tendency of raw cotton prices, due in turn to the record output in the United States and Egypt. Yarn prices have been steady owing to the price-cases been forced to make price concessions. The trade reorganisation scheme of the Joint Committee of Cotton Trade Organisations has been approved by substantial majorities of the different sections of employers and operatives, but there is some doubt whether the proposals will result in a reduction in costs, inquiry in piece-goods trade is to benefit. Although little satisfaction. Business with China has naturally been in a state of chaos, but some orders have been placed for Hongkong. Turners have complained of delivery instructions against old contracts being unsatisfactory. The Government has, however, bought heavy materials and certain fine cloths on a fair scale. Sales of yarn have been less than current production, but the spinning section continues to operate at about 92 per cent. of capacity.

JUTE

A feature of the trade in early November was the receipt of large Government orders for sandbags for delivery by the end of March. These gave a fillip to the market and caused a hardening of yarn prices. The improvement was not maintained, however, and an expected seasonal expansion of contracts has not materialised. Manufacturers, while very anxious to secure orders, are unable to make price concessions in consequence of the firmness of yarn prices. The outlook is not encouraging.

LINEN

While some merchants and speculators are reported to be anxious to encourage purchasers of raw material, the monopolies are not disposed to push sales of the new crop fibre. Irish and Courtrai flaxes are consequently firm in price. Yarns move slowly, and although exports of cloth are at present well maintained, new contracts have not shown the expected seasonal expansion; an exception is damask, which continues to receive good support for both home and export account.

RAYON

During the past few weeks there has been a marked absence of new buying, especially on the weaving side, and deliveries against old contracts have shown an appreciable decline. A minor reduction has been made in the price of 150 denier viscose, the main significance of which is the implication that viscose prices are unlikely to be advanced in the near future.

WOOL

During the past month international factors have continued to depress the raw wool markets. This decline has seriously undermined the confidence of consumers and has resulted in a substantial volume of business being held up pending the clarification of the outlook. The reduction in machinery activity has naturally caused a slump in the demand for tops and yarns, and has affected the employment position. Thus unemployment continued to increase last month, and is now noticeably worse than at this time last year. Export business has also tended to flag recently. Overseas sales of wool tops, worsted yarns and woollen tissues last month were smaller than in October, 1936, though exports of worsted tissues registered an improvement. It is believed in trade circles that a substantial volume of new business would be forthcoming if prices were to show a steadier tendency.

AGRICULTURE AND FISHERIES

The lifting of the potato crop was carried out under excellent conditions, states an official report. Some varieties are reported to be yielding a light crop, but in general the tubers are of good quality and fair size. The yield per acre is forecast at 6½ tons. Root crops have been adversely affected by the prolonged absence

of rain. The yield per acre of turnips and swedes is forecast at about 11 tons, that of mangolds at about 17½ tons, while that of sugar beet is now expected to average about 7½ tons of washed and topped beet. Good progress was made during October with autumn cultivation and sowing, except in the case of the heavier soils. Both cattle and sheep made progress, but milk yields are more difficult than usual to maintain. Meanwhile, the position of the fishing industry showed little alteration. British takings of wet fish rose from 2,395,307 cwts. in October, 1936, to 2,470,160 cwts. last month. Average prices were, however, lower this year than last, and the total catch was, consequently, valued at only £1,541,004 in October this year, against £1,629,505 in the same month of 1936. The Sea Fish Industry Bill, designed to implement the recommendations of the Sea Fish Commission for the betterment of the white fish industry, has been presented to the House and has passed its Second Reading. The Bill provides, *inter alia*, for the setting up of a development commission with powers to improve the organisation and efficiency of the industry.

SHIPPING

As foreshadowed a month ago, the freight markets were less active during October and freights showed a decline. Thus *The Economist* index (1898-1913 = 100) fell from 169.8 in September to 163.3 in October, the latter figure comparing with 105.9 in the corresponding month of last year. In consequence of the fall in the demand for tonnage, the volume of idle shipping is showing an increase.

RETAIL TRADE

The money value of retail sales during October, according to this week's *Board of Trade Journal*, was 4.4 per cent. above the same month of last year. Increases ranged from 4.6 to 8.0 per cent. in six of the seven districts, the only decline being in Central and West End London. Here the decrease amounted to 5.6 per cent., and declines occurred in almost every category. Sales of food and perishables rose by 8.9 per cent., district increases exceeding 8 per cent. in every district except Central and West End London, where the change was negligible. Sales of other merchandise, however, declined by 0.7 per cent. for the first time since September, 1933, ignoring disturbances caused by the varying incidence of Easter and Whitsun.

UNITED KINGDOM—THE ECONOMIST INDICES OF BUSINESS ACTIVITY*

Daily Averages of 1935 = 100

Period	Employment	Consumption of Power		Transport		Postal Receipts	Building Activity	Consumption of		Foreign Trade			Bank Clearings		Complete Index	
		Coal	Electricity	Merchandise on Railways	Commercial Motors in Use			Iron and Steel	Cotton	Imports of Raw Materials	Exports of British Manufactures	Shipping Movements	Metropolitan, Country, Provincial	Town	Monthly	Twelve-Months' Moving Average
Number of Weights	10	4	2	4	2	3	2	2	1	2	3	2	4	1	42	
1929	98½	103	88	127	78	95	80	97	111	98½	137½	108½	91	109	98½	...
1930	94½	98½	88	115½	80½	96½	85½	84½	82	88	108	107	89	112	85	...
1931	91	92	69	98½	83½	95	82	73	86	82½	97½	98½	96	87½	84	...
1932	90	90	71½	86	86	94½	57	59½	84	82	84	85	91	88	89	...
1933	83½	90	78	89½	89½	96	73	70	101	92½	98	98	95	96	96	...
1934	97½	97½	88½	100	95	97	88	83	100	100	100	100	100	100	100	...
1935	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	...
1936	105	104½	112½	106½	105½	104½	107	125	109½	110½	101½	102	104	103½	106	...
1936—October	98	97	89½	98	95	97½	91½	94	89	98	95½	95½	96½	91½	96	96
November	98	99½	87	98	95	97½	93	89	87	98	93	97½	95½	114½	96	96½
December	98½	93½	87	99½	95½	101	92½	96	87	94	98	100	99	100½	97	96½
1936—January	98	96	92	103½	98½	88	83½	98½	98	85	95½	95	98	110	97	97
February	98	96	92	99	98	85	84½	92	91½	94	85	98½	97½	96	92	96
March	98½	92½	93	98	95½	96½	96½	97½	90	100	99½	99½	97	97½	98	98½
April	99	98	97	100½	98	98	100	93½	96	100½	97	100½	99	100	99	98½
May	99½	102½	97	99½	99½	96½	98½	98	99	97½	105½	100½	102½	108½	100	99½
June	100	99½	96	98	100	98½	99½	93½	112	108	96	100½	104	99½	99½	99½
July	101	94	99	100½	100	99	104	104	100	100½	97	100	100	98	99½	100½
August	101	92½	99	98	100½	101	102½	105½	96	104	103	101½	102	95½	101	100½
September	101	100½	99½	98	100½	101	102½	105½	96	104	103	101½	98	99½	96½	101
October	101	105	101½	101½	101	99½	103½	102	96	102½	98	101	99	96½	102	101½
November	101	104	102	103	101½	100½	105	102	106	99	101	99	96½	102	101½	101½
December	101½	105½	108½	102½	102	104	108	113½	99	117	99½	103½	103	112½	104½	102½
1936—January	101½	107	104	104	103½	101	106½	117	106½	97½	92½	98½	98	91	102	102½
February	102½	100½	108	102	104	101½	107½	115	100	98	102	100½	99½	93	102½	103½
March	103	98	105	105½	104½	102	107	112½	101½	99½	99½	99	100½	84	102½	104½
April	103½	103	111	106½	104½	102	106½	126	110	107½	98½	98½	101	97	105	104½
May	104	102½	107½	105½	105	102	107½	116	112½	106	99	100	103	96½	104½	105½
June	104½	106½	107½	104½	105½	101½	109	121	119	117½	98	102½	104	104	106	105½
July	106	104	109	108	105½	103½	109½	123	120	117	98	102½	104	104	106	105½
August	107	104	111	109	108	106	108	132	107	123½	105	100½	106	113	108	107½
September	107	102½	112	108	107	104½	107	127½	102½	117	107½	103	106	114	108	108
October	107	104	113	106	108	107	105	125	100½	119½	100	106	109½	111	108	108½
November	107½	104	117	108	108	108	103½	134½	109	108½	108½	103½	107	122	109½	109½
December	107	107½	117½	113	108½	108	108	134½	109	108½	108½	103½	107	122	109½	109½
1937—January	109	97½	118	110½	109	107½	102	124	111½	103½	104½	101	106½	105	107½	109½
February	109½	108½	118	107	109½	110	102	118	110	102½	111	107	108	115	109½	110
March	109	110	125	106	110	107½	99	118½	102	119	120	114	108	107	111	110½
April	110	112	122	115	110½	110	102½	117	118½	103½	108½	102½	102	103	109½	111
May	110½	115½	123½	113	111	109	100	130	143	116	117½	114	107	98½	112½	...
June	111½	115	122½	113	111	107	99	133½	111	125	122½	106½	106½	106	113	...
July	112	108½	123	113	111	105	96½	140	131½	122½	113	109	102½	100½	111½	...
August	112½	107½	125	113½	108½	95½	160	115½	130½	111	113	106½	99	113½	...	...
September	112½	112½	124	116½	112½	95½	157½	106	133½	113½	106	106½	99	113½	...	...
October	112	108½	124½	119½	113½	108	96½	158½	107½	129½	109½	110½	104½	99½	113½	...

* For method of construction and earlier figures (1924-1936) see Supplement to *The Economist* of July 25, 1936. Revised. p Provisional. † Annual indices represent averages of monthly figures.

Business Developments Overseas

BRITISH EMPIRE

AUSTRALIA.—Despite the recession in commodity prices, secondary production and building activity are well maintained, states a cable from the National Bank of Australasia. Consols remain strong, but the market in industrials has weakened slightly, base metal mining shares being adversely affected by the fall in metal prices. The employment position has further improved. It is estimated that the wheat harvest will be equal to that of the previous season; but production is expanding in consequence of good rains in the main dairying districts.

SOUTH AFRICA.—In recent months business activity in the Union has been maintained on a high level. Building plan figures have been running above last year's level, foreign trade has expanded and railway earnings have exceeded Budget estimates. The fall in security prices has, however, had an adverse effect on the business outlook and a certain hesitancy is now noticeable. Meanwhile, drought prevails in certain areas, where crops and livestock are being adversely affected.

CANADA.—In Canada, as elsewhere, the stock markets have suffered a severe recession although business indices generally remain favourable. The mining industry is active and the heavy industries remain very busy. Employment is consequently improving. The purchasing power of the rural community is now expanding as the new crops are being sold, but the mild autumn has retarded the normal seasonal improvement in retail trade. There are also fears that the decline in security values will adversely affect the demand for luxury goods.

IRISH FREE STATE.—One of the major problems of the Free State at the present time is that of the growing import surplus and the adverse balance of payments on current account. This movement is reflected in the reduction in the net sterling assets of the Irish banks and in the liquidation of overseas investments. Agricultural products must continue to constitute the bulk of Ireland's exports, and these show little growth in volume, though their value is mounting in consequence of rising prices. Among "invisible exports" which could be developed are the receipts of the tourist industry, and efforts are being made to expand these.

EUROPE

FRANCE.—The downward trend of industrial production has been arrested, at least temporarily; the official index of production (1913 = 100) rose from 91 in August to 96 in September. A year ago the figure stood at 95. The improvement has been most marked in the case of iron and steel, mining and textiles, though the output of the latter remains considerably below the level of a year ago. Building activity, on the other hand, showed a further decline between August and September, when the official index was 12 per cent. below that for the corresponding month last year. The number of persons in receipt of unemployment benefit declined from 406,600 at the end of October, 1936, to 305,300 at the end of September this year. During October, however, it rose again to 319,200. The increase in wholesale prices has been checked and there has been some repatriation of capital and a slight decline in the long-term rate of interest, but the position remains precarious.

GERMANY.—The latest information indicates that business activity in Germany has been well maintained. The German Institute for Business Research's index of industrial production (1928 = 100) rose from 121.1 in August to 125.1 in September, compared with 114.2 a year ago. The capital equipment industries remain the most active branches of business, but the output of consumption goods has also shown an increase in recent months. The number of unemployed, as officially estimated, showed a slight seasonal rise during October from 469,000 to 502,000. Activity in the iron and steel industry continues to expand. For example, the output of pig iron rose from 1,349,500 metric tons in September to 1,417,900 in October. Similarly, car loadings increased from 154,800 per day during the first week of October to 163,600 during the first week of the current month. Both wholesale prices and quotations for industrial securities have shown a slight decline during the last few weeks. In general, industrial activity is expected to continue at a high level.

SWEDEN.—Business activity has continued to expand in recent months, though the rate of expansion has diminished. The index of business activity (1929 = 100) rose from 133 in September, 1936, to 144 in August and 145 in September, 1937. Employment has continued to increase, the number of unemployed at the end of September being only 9,900, compared with 20,900 a year ago. It is questioned, however, whether the current level of activity can be maintained for many months, especially as new orders have recently tended to decline.

POLAND.—Industrial activity showed a slight decline between August and September, when the index of industrial production (1929 = 100) fell from 87.6 to 85.8. The current volume of activity remains above the level of a year ago, when the index of production stood at 74.9. Despite the increase in production, however, the number of unemployed is only slightly smaller than a year ago. Imports remain at a high level and were 113.2 million zloty in September, compared with 107.2 millions in August and 97.1 millions in September, 1936. In contrast to the movement a year ago, however, exports declined between August and September from 96.5 million zloty to 90.6 millions, against 89.3 millions a year ago.

HOLLAND.—The expansion of business activity in Holland has been arrested. In contrast to the movement a year ago, the index of industrial production (1929 = 100) declined from 93.2 in August to 83.3 in September. A year ago the index rose during this period from 66.7 to 69.1. According to the voluntary unemployment insurance statistics, the number of unemployed rose slightly from 118,683 in August to 118,931 in September. In September, 1936, however, it was 159,689. Imports rose from 92.4 million guilden in October, 1936, to 130.3 millions in September and 148.7 millions in October, 1937. Exports, on the other hand, after increasing from 75.8 million guilden in October, 1936, to 113.2 millions in September, fell to 106.2 millions in October, 1937. It is significant that a year ago exports showed an increase between September and October.

UNITED STATES OF AMERICA

The downward movement of business activity which began in September has since gained momentum. Expenditure on new equipment by the railways, public utilities and other branches of activity has been sharply curtailed. Retail trade has so far kept up fairly well, but now shows signs of decline. The industrial setback is reflected in the decline of the *New York Times* index of business activity from 104.7 during the week ended September 25th to 94.0 during the first week of November. A year ago the index stood at 101.3. Within a few weeks business activity has thus fallen below the level of a year ago. The decline has been most marked in the case of the capital equipment industries. This is reflected in the sharp reduction in steel production; steel mill activity, as estimated by the American Iron and Steel Institute, has declined from 74.4 per cent. of capacity during the week ended September 27th to 31 per cent. this week. Moreover, quotations for Stock Exchange securities and raw material prices have continued to fall. The latest information does not indicate an early change of trend in business activity.

LATIN AMERICA

ARGENTINA.—The aggregate volume of exports in the first ten months of this year reached the record figure of 16,322,263 metric tons, compared with 11,360,627 tons in the corresponding month of 1936, while their market value, at 2,032,166,913 pesos (say, £127,000,000 sterling), has been exceeded only in the corresponding periods of the years 1920 and 1928, and compares with 1,287,746,571 pesos in January-October, 1936. Nevertheless, monthly export figures have fallen away from the record levels earlier in the year, but there should be seasonal recovery when the new crops are moved in December. There is, however, considerable anxiety concerning the yield of the new crops, latest reports indicating that some 10 per cent. of the wheat crop may be lost as a result of frost. Retail trade in Buenos Aires was quieter during October owing to unfavourable weather, but appreciably better than in October, 1936. Argentina's increased purchasing power is now finding reflection in practically every line of import.

BRAZIL.—The past month has witnessed important developments. The President successfully effected a *coup d'état*, and a new Constitution has been promulgated. The foreign debt service is understood to have been suspended; the 35 per cent. quota of export exchange taken by the Government has been abolished—which should increase the supply of free exchange—and the Government is entering upon a policy of open competition in world coffee markets. The most optimistic view—although not necessarily correct—of the Brazilian situation is that, with the coffee industry facing a crisis of over-production, the President has decided to adopt a widespread plan for the rehabilitation of the country's economy. Brazil's decision, however, has virtually paralysed the markets of the Central American "coffee" countries, and world coffee prices will probably fall further.

CHILE.—Foreign trade is now falling away as a result of the decline in production and prices of copper. Should there be no recovery in metal prices, Chile's economy will be adversely affected, as well as that of Peru.

THE FAR EAST

The industrial position in Japan shows little alteration and business remains very active—especially in the heavy industries. Efforts to improve the balance of trade and so to relieve the pressure on the exchanges have now been successful. Hence, mainly in consequence of a reduction in imports of raw cotton and an increase in exports of cotton cloth, the October trade returns disclose an export surplus of 55 million yen. Imports totalled 252 millions and exports 307 millions, against 273 and 303 millions in September. Stock markets have recently been quiet and commodity prices irregular. Meanwhile, in consequence of the stresses of war, the Chinese Government last month imposed a system of banking restrictions, akin to a system of exchange control, to stop the exodus of capital from the country. The artificial stringency in the money market has seriously hampered business, and the situation has become more acute since the Japanese have taken control of Shanghai. China's imports last month totalled 34 million dollars against 55 millions in September, while her exports rose to 67 millions, compared with 45 millions in the previous month.

UNITED KINGDOM

(Population, mid 1936, 47,098,000; Area 95,030 sq. miles; 244,000 sq. kms.)

United Kingdom figures; otherwise Great Britain (G.B.)	Unit of Measurement	Monthly Average										1936		1937					
		1929	1930	1931	1932	1933	1934	1935	1936	Sept.	Oct.	Apr.	May	June	July	Aug.	Sept.	Oct.	
PRODUCTION																			
1. Ind. Prod. of Trade (a) (d)	1930 = 100	108.5	100.0	91.0	90.5	95.5	106.1	113.6	124.7	121.7	120.8	21.7	18.7	20.2	18.9	18.2	20.4	20.2	
2. Coal, G. B. (c)	Mill. tons	24.4	20.3	18.3	17.4	17.2	18.4	18.6	19.0	18.8	18.0	18.32	18.21	18.57	18.88	18.99	17.52	20.20	
3. Electricity, public supply, G.B.	Mill. kw.-hrs.	858	910	951	1,020	1,130	1,288	1,464	1,685	1,541	1,601	681	696	699	729	713	727	778	
4. Pig iron	Thous. tons	632	516	314	298	345	397	535	641	651	670	1,080	1,047	1,069	1,059	988	1,163	1,134	
5. Steel ingots and castings	Thous. tons	803	610	434	439	585	738	822	975	1,027	1,061	1,080	1,047	1,069	1,059	988	1,163	1,134	
6. Building plans passed (d)	Thous. 's	3,688	3,897	3,734	3,907	5,192	5,789	6,536	6,255	5,945	5,761	7,036	5,788	5,720	6,208	3,624	5,616	2,975	
7. 146 towns, G.B. (c)	"	2,403	2,320	1,877	1,814	1,781	2,164	2,980	3,497	3,410	2,746	3,941	3,406	3,540	3,712	2,323	3,542	2,975	
8. New Orders, heavy gen. plant	"	100	125	77	112	67	160	148	250	252	268	232	233	238	237	220	218	197	
9. Home	"	100	67	50	31	44	60	62	96	90	93	118	116	114	113	107	97	89	
10. Foreign	"	100	93	58	59	56	107	104	167	165	174	174	173	174	172	161	151	144	
11. Total	"	137	79	17	16	20	43	57	91	98	91	123	123	123	73	73	73	73	
12. Shipbuilding: commenced (f)	Thous. gross tons	127	123	42	16	11	58	42	71	71	93	84	84	84	89	89	89	89	
13. " launched (f)	"	1,590	909	401	225	332	597	743	964	929	829	1,200	1,185	1,185	1,185	1,185	1,185	1,185	
14. " on hand, end yr.	"	1,590	909	401	225	332	597	743	964	929	829	1,200	1,185	1,185	1,185	1,185	1,185	1,185	
15. Automobiles: priv. cars (b)	Number	15,196	14,139	13,250	14,270	19,232	21,406	25,962	29,479	27,499	28,255	36,040	33,489	36,490	33,905	20,888	25,846	25,846	
16. " Com. vehicles (b)	"	4,705	5,572	5,609	5,123	5,459	7,136	7,681	8,967	9,034	7,988	10,089	10,020	10,244	10,303	7,508	9,230	9,230	
17. Cotton delivered to mills, G.B.	Thous. lbs.	5,227	3,924	4,064	4,47	4,72	4,31	4,72	5,17	4,73	5,05	5,39	5,39	5,41	5,41	4,47	4,47	5,41	
18. Rayon: Output	Thous. lbs.	4,742	4,064	4,548	6,043	7,007	7,788	10,314	12,110	12,240	13,490	13,670	12,180	14,060	14,600	10,800	14,400	14,400	
19. Quantity excised	Thous. st. barrels	1,620	1,568	1,365	1,102	1,193	1,293	1,355	1,395	1,498	1,379	1,534	1,511	1,608	1,772	1,636	1,539	1,539	
20. Beer production	Thous. proof galls.	914	840	786	1,021	1,133	1,285	1,464	1,685	1,541	1,601	711	711	711	711	418	418	418	
21. Distilling: Drink (f)	Thous. proof galls.	1,205	1,393	1,438	1,834	2,489	2,816	3,172	3,595	3,670	3,976	4,414	4,414	4,414	4,410	4,410	4,410	4,410	
22. " Industrial alcohol (f)	"	151.6	153.4	148.5	141.5	134.9	135.4	136.1	137.4	137.2	136.9	141.7	142.2	142.8	143.1	142.4	142.7	142.7	
23. " Stocks, end year	Mill. proof galls.	151.6	153.4	148.5	141.5	134.9	135.4	136.1	137.4	137.2	136.9	141.7	142.2	142.8	143.1	142.4	142.7	142.7	
TRADE AND TRANSPORT																			
Domestic Trade																			
23. Rly. traf.: Merch. & lvs. G.B.	Thous. tons	9,780	8,890	7,602	6,805	6,875	7,660	7,661	8,188	8,371	4,348	8,558	8,717	8,764	8,165	...	...	...	
24. Coal and coke, G.B.	Thous. tons	15,933	14,868	13,360	12,961	12,727	13,384	13,447	13,539	12,964	13,830	14,378	14,379	13,672	12,366	...	...	...	
25. Automobiles: priv. cars in use, G.B.	Thousands	893.8	967.7	979.7	1,018.4	1,084.9	1,184.5	1,347.5	1,498.8	1,614.8	1,528.6	1,663.9	1,671.2	1,691.2	1,766.1	1,762.1	1,772.7	1,684.1	
26. Com. vehicles in use, G.B.	Thousands	314.7	333.6	346.0	356.2	370.0	393.5	413.2	437.0	441.3	446.0	458.0	458.1	461.1	461.9	460.3	463.1	467.2	
27. Postal traffic receipts, daily	Thous. 's	133	135	134	133	135	137	140	147	149	151	152	145	146	141	141	152	152	
28. Retail trade, G. Brit.: Food	Avg. daily sales in 1935 = 100	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
29. " Other merchandise	"	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
30. Total	"	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
31. Advtg. expenditure on brand. gds.	1935 = 100	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
Foreign Trade																			
32. Retained imports, value: Food	Thous. 's	42,444	37,603	33,041	29,810	27,711	27,829	28,616	30,921	31,883	37,780	31,738	33,019	34,507	32,609	33,867	35,020	42,111	
33. " Raw materials	"	23,774	17,674	12,277	11,740	12,892	15,153	15,217	17,934	17,869	19,214	21,633	21,603	23,873	23,718	24,730	24,883	25,522	
34. " Manufactures	"	25,467	23,622	20,367	12,168	11,654	13,395	14,302	16,452	17,946	18,593	21,727	20,677	22,275	21,988	21,877	22,178	22,727	
35. Total	"	92,589	79,762	66,449	54,221	52,161	56,681	58,473	65,710	68,037	79,972	75,596	75,738	80,990	78,702	79,972	82,603	90,387	
36. Volume: Food (a) (d)	Avg. of 1935 = 100	101.5	90.9	82.9	84.6	92.7	99.6	100	102.8	101.1	101.3	101.3	101.3	101.3	101.3	101.3	101.3	101.3	
37. " Raw materials (a) (d)	"	133.6	133.9	123.9	79.3	81.8	95.0	100	107.2	104.4	104.4	104.4	104.4	104.4	104.4	104.4	104.4	104.4	
38. " Manufactures (a) (d)	"	108.9	106.3	105.0	92.2	93.7	99.0	100	107.2	104.4	104.4	104.4	104.4	104.4	104.4	104.4	104.4	104.4	
39. Total (a) (d)	"	4,555	3,944	2,898	2,625	2,314	2,538	2,636	2,966	2,960	3,619	3,092	3,100	2,972	3,311	3,034	3,415	3,415	
40. Domestic exports, value: Food	Thous. 's	6,575	5,313	3,920	3,634	3,832	4,021	4,400	4,400	4,265	4,766	5,636	5,472	5,652	5,956	5,275	5,436	5,436	
41. " Raw materials	"	47,889	36,745	24,398	23,031	23,475	25,403	27,411	28,410	28,820	32,157	33,382	33,269	34,673	37,377	33,383	34,474	36,745	
42. " Manufactures	"	60,778	47,563	32,552	30,419	30,659	33,000	35,493	36,727	35,961	41,764	43,027	42,733	47,570	42,546	44,263	47,216	47,216	
43. Total	"	126.7	118.7	94.5	92.0	93.3	93.3	100	102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4	
44. Volume: Food (a) (d)	Avg. of 1935 = 100	130.4	110.2	86.9	82.0	88.5	90.3	100	102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4	
45. " Raw materials (a) (d)	"	142.1	113.8	80.7	83.0	83.5	92.4	100	102.1	102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4	
46. " Manufactures (a) (d)	"	140.3	115.0	83.8	84.0	85.0	92.4	100	101.5	102.9	102.9	102.9	102.9	102.9	102.9	102.9	102.9	102.9	
47. Total (a) (d)	"	5,225	5,310	5,023	4,947	5,066	5,223	5,302	5,616	5,581	6,002	5,421	6,004	6,287	6,425	6,272	6,014	6,106	
48. Shipping: Tonnage entered	Thous. net tons	5,723	5,488	5,962	4,620	4,338	4,674	4,777	4,783	5,039	5,234	5,143	5,091	5,447	5,820	5,487	5,633	5,503	
49. " Tonnage cleared	"	365	1,593	1,966	1,971	1,240	878	438	212	403	...	...	...	...	...	...	...	...	
50. " Tonnage loaded (K)	"	100	81.7	82.2	77.9	75.1	76.4	76.8	87.3	89.0	94.1	133.4	137.5	139.4	137.2	143.6	149.8	145.4	
51. Freight rates, Economist Index	1929 = 100	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
52. Cable and wireless traffic receipts	Corresponding month 1929 = 100	100	87.8	78.9	72.3	70.5	72.5	73.5	74.4	70.7	75.9	83.7	78.6	73.5	73.4	73.0	72.6	76.5	
EMPLOYMENT AND WAGES																			
53. Insured pers. employed G.B.	Thousands	10,220	9,797	9,421	9,348	9,681	10,139	10,377	10,912	11,110	11,141	11,472	11,473	11,613	11,623	11,672	11,706	11,655	
54. Insured pers. unemployed	"	1,212	1,915	2,630	2,756	2,496	2,107	1,958	1,684	1,556	1,549	1,368	1,396	1,306	1,321	1,294	1,271	1,328	
55. Per cent. unemployed	"	10.3	15.6	21.1	21.9	19.8	16.6	15.3	10.9	11.9	11.9	10.5	10.7	10.0	10.1	9.9	9.7	9.9	
56. Regist'd at Exchanges, all ages	"	1,276	2,014	2,718	2,813	2,588	2,221	2,106	1,822	1,690	1,677	1,526	1,519	1,423	1,445	1,424	1,403	1,460	
57. " London	"	118	177	273	306	272	216	179	161	172	161	162	163	153	155	154	145	163	
58. " S.E. England	"	90	91	142	129	93	91	78	59	67	72	62	52	52	58	60	72	74	
59. " S.W.	"	89	91	129	157	127	114	94	82	90	83	78	68	67	67	64	74	74	
60. " Midlands	"	165	267	381	371	325	245	217	178	168	152	132	140	134	144	143	138	140	
61. " N.E. England	"	280	419	569	602	557	478	452	304	182	171	149	177	176	166	151	139	145	
62. " N.W.	"	285	522	627	562	517	461	439	374	347	341	297	301	281	286	294	304	288	
63. " Northern (c)	"	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
64. " Scotland	"	156	244	358	378	364	331	314	277	263	255	247	232	215	245	222	223	222	
65. " Wales	"	116	158	196	228	219	208	206	198	184	185	153	149	136	131	132	132	143	
66. " Ireland	"	36	60	71	69	68	62	70	67	65	65	71	68	67	66	66	64	70	
67. Indus. disputes, No. days lost	"	676	361	527	641	87	78	160	64	168	148	480	814	11	512	228	228	288	
68. Wage rates, Min. of Labour (d)	1929 = 100	100	100	97.1	96	95.1	95.1	96.1	99.1										

UNITED STATES, FRANCE AND GERMANY

	Unit of Measurement	Monthly Average								1936		1937						
		1929	1930	1931	1932	1933	1934	1935	1936	Sept.	Oct.	Apr.	May	June	July	Aug.	Sept.	Oct.
UNITED STATES (Population 1934: 126,450,000; Area: 7,839,432 sq. kms.)																		
PRODUCTION																		
1. Industrial production, F.R.B. (a)	1929=100	100	80.7	68.1	53.8	63.9	66.4	75.6	88.1	91.6	91.6	99.2	99.2	95.8	95.8	98.3	93.3	
2. Investment goods, F.R.B. (a)	"	100	72.6	48.2	27.6	41.2	46.5	63.2	82.4	87.4	87.4	96.8	96.8	92.6	92.6	100.6	104.1	94.4
3. Consumption goods, F.R.B. (a)	"	100	86.8	85.2	75.9	84.2	83.4	87.6	94.5	87.6	87.6	102.4	99.7	98.7	98.7	92.9	94.7	91.6
4. Coal	Thous. met. tons	46.0	40.6	33.4	27.2	29.0	31.4	31.6	36.5	37.2	37.2	43.1	43.1	29.7	31.0	32.7	94.7	91.6
5. Electricity generated	Million kw. hrs.	8,113	7,995	7,644	6,842	7,111	7,590	8,283	9,461	9,722	10,176	9,868	9,975	10,071	10,339	10,587	38.3	40.5
6. Steel	Thous. met. tons	4,599	3,326	2,133	1,128	1,913	2,139	2,830	3,973	4,228	4,618	5,153	5,236	4,231	4,630	4,940	4,371	3,447
7. Index of machine tool orders	1929=100	100	46.0	26.0	12.6	17.4	29.7	55.5	87.7	76.2	87.6	181.4	134.0	123.0	109.8	115.4		
8. Residential building contracts awarded	Million \$	159.6	91.8	67.6	23.3	20.8	20.7	39.9	66.8	80.7	79.7	108.0	83.9	93.1	81.0	73.4	65.6	
9. Other building contracts awarded	"	319.6	285.1	190.1	89.3	83.8	107.9	114.1	156.1	153.6	146.1	161.9	160.2	225.0	240.6	211.7	141.5	
10. Private cars	Thousands	382	232	164	88	131	181	271	306	90	190	440	425	411	380	311		
11. Commercial vehicles	"	64	48	35	20	29	48	58	65	45	34	96	91	98	79	63		
12. Activity in textile industry	1929=100	100	79.1	81.7	72.2	84.3	73.9	90.4	97.4	104.3	99.1	107.8	107.0	109.6	109.6	100.0	93.9	
13. Stocks of raw materials	"	100	106.0	116.7	120.7	122.1	120.7	94.0	86.2	91.3	102.7	65.8	61.8	61.0	60.8	77.9		
14. Stocks of manufactures	"	100	102.5	65.0	86.7	85.9	90.9	86.7	85.0	85.9	85.9	88.3	88.3	90.1	90.1	91.7		
TRADE AND TRANSPORT																		
15. Index of Rly. car loadings	"	100	86.8	70.7	52.8	54.7	58.5	59.4	67.9	70.7	72.6	79.2	75.4	73.6	75.4	74.5	73.6	
16. Index of Dept. Store sales	"	100	91.9	82.9	62.2	60.3	67.6	71.2	79.2	70.7	72.6	83.8	83.8	83.8	84.7	82.9	84.7	
17. Retained imports	Million \$	362	280	174	110	119	136	170	202	218.4	213.4	281.7	278.8	276.7	263.4	249.1	234.1	
18. Domestic exports	"	430	315	198	131	137	175	187	201	217.9	202.2	284.9	285.1	256.5	264.6	274.2	233.5	
EMPLOYMENT AND WAGES																		
19. Factory employment, F.R.B. (a)	1929=100	100	87.2	73.8	62.6	68.8	78.8	82.1	87.8	89.6	90.1	97.2	97.6	96.8	98.4	97.8	96.2	
20. Pay rolls, F.R.B. (a)	"	100	81.1	61.8	42.6	45.3	57.7	65.4	75.5	76.6	81.6	96.2	96.2	94.3	92.0	95.1	91.8	
21. Hourly earnings, N.I.C.B. (a)	"	100	100	96	84	83	99	102	105	106.8	106.7	118.3	121.0	122.2	123.1	123.5	124.0	
22. Av. hours of work, N.I.C.B. (a)	Number	48.3	43.9	40.4	34.8	36.4	34.7	37.2	39.7	40.6	41.2	40.8	40.5	40.1	39.2	38.9	38.3	
23. Number unemployed, A.F.L.	Thousands	1,864	4,770	8,738	13,182	13,723	12,364	12,208	...	...	...	...	...	...	...	...	...	
PRICES																		
24. Cost of living, N.I.C.B. (a)	1929=100	100	96.2	87.2	77.9	74.9	79.4	82.6	84.8	85.8	85.6	88.2	88.7	88.8	88.9	89.3	89.5	
25. Wholesale prices, D. of Lab.	"	100	90.7	76.6	68.0	69.3	70.7	83.9	84.8	85.6	85.5	92.3	91.7	91.5	92.2	91.8	91.7	
26. " raw materials	"	100	86.5	67.3	58.5	57.9	70.4	79.1	82.0	83.9	84.2	90.9	89.3	88.3	86.5	87.0	86.5	
27. " semi-manufactures	"	100	87.2	73.5	63.2	61.4	77.6	78.4	80.8	80.9	81.2	95.3	93.1	92.4	92.7	92.3	92.3	
28. " Finished goods	"	100	93.1	81.5	74.4	74.6	82.8	87.0	86.8	87.1	86.8	92.4	92.6	92.8	92.9	93.2	93.2	
29. " Farm products	"	100	84.1	61.8	45.9	49.0	62.3	75.1	77.2	80.1	80.1	87.9	85.6	84.3	85.1	82.4	82.4	
30. 351 Indus. securit's, Stand. Stat.	"	100	74.2	45.9	24.4	35.0	42.9	48.0	67.3	68.7	72.5	75.3	72.4	70.6	74.6	75.8	63.7	
FINANCE																		
31. Total Res. Bank credit	Million \$	1,739	1,386	1,853	2,171	2,674	2,470	2,486	2,500	2,473	2,476	2,565	2,583	2,562	2,574	2,579	2,579	
32. Gold stock	"	3,900	4,225	4,051	4,045	4,012	8,238	10,125	11,258	10,845	11,045	11,799	11,939	12,331	12,445	12,566	12,740	
33. Money in circulation	"	4,578	4,603	5,369	5,388	5,519	5,536	5,882	6,343	6,267	6,351	6,426	6,462	6,447	6,480	6,524	6,542	
34. Member Bank Res. Balances	"	2,355	2,471	1,981	2,509	2,729	4,066	5,887	6,806	6,357	6,753	6,881	6,915	6,900	6,753	6,751	7,019	
35. " Excess Reserves	"	-73	96	-33	578	859	1,814	2,844	1,984	1,840	2,175	1,584	1,918	1,865	791	1,731	1,938	
36. Member Banks in 101 towns:	"	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
37. deposits: Demand	"	19,112	18,660	15,985	14,965	11,383	11,419	13,888	15,571	15,116	15,340	22,280	22,201	22,330	22,218	22,332	22,187	
38. " Time	"	13,070	13,654	11,453	10,527	4,790	4,781	4,911	5,067	5,063	5,065	15,388	15,328	15,186	15,033	14,924	14,864	
39. Bank debits outside N. Y. City	"	26,801	23,113	17,119	12,819	13,288	15,701	18,678	23,288	17,586	17,171	20,051	19,282	19,235	18,268	15,293	15,610	
40. Call money	"	7.61	2.94	1.74	2.05	1.16	1.0	0.86	0.81	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
41. Yield on Govt. bonds	%	3.60	3.28	3.31	3.66	3.31	3.10	2.69	2.47	2.41	2.42	2.74	2.67	2.64	2.58	2.58	2.67	
42. Capital issues, C.F. Chronicle	Million \$	895	848	260	99	59	115	123	166	406	406	371	346	322	314	311	305	
FRANCE (Population 1936: 41,906,000; Area: 550,986 sq. kms.)																		
PRODUCTION																		
43. Industrial production S.G.F. (b)	1929=100	100	100.7	89.2	69.1	77.0	71.2	67.6	70.5	68.4	69.8	75.6	74.8	73.4	71.9	65.5	69.1	
44. Coal	Thous. met. tons	4,482	4,490	4,167	3,856	3,907	3,969	3,851	3,769	3,484	4,165	3,910	3,414	3,508	3,530	2,587	3,673	
45. Electricity	Thous. met. tons	190	99.2	89.8	88.2	96.7	98.3	101.7	104.2	116.8	100.9	116.8	116.0	115.0	114.2	111.7	...	
46. Steel	Thous. met. tons	808	787	652	470	544	512	522	559	545	627	684	651	685	659	662	...	
47. Building activity S.G.F. (a)	1929=100	100	111.4	101.6	81.9	74.0	66.7	55.3	52.0	47.1	45.5	60.4	49.6	46.7	43.1	41.4	...	
TRADE AND TRANSPORT																		
48. Rly. car loadings, daily	Thous. cars	65.1	65.4	53.9	47.3	45.2	42.5	40.1	40.9	40.3	46.3	41.9	39.8	41.9	36.7	36.4	41.4	
49. Imports	Mill. frs.	4,852	4,976	3,517	2,484	2,369	1,925	1,745	2,117	1,862	2,247	3,267	3,051	3,707	3,200	3,158	3,486	
50. Exports	"	4,178	3,570	2,536	1,642	1,539	1,487	1,289	1,288	1,190	1,460	1,973	1,759	1,997	1,872	1,961	2,074	
EMPLOYMENT AND WAGES																		
51. Unemployed in receipt of benefit	Thousands	0.9	2.5	56.1	273.4	276.0	345.0	426.9	432.1	406.6	406.6	371.0	346.0	322.0	314.0	311.3	305.3	319.2
52. Wage rates, Paris region	1929=100	100	106	105	100	102	102	101	118	...	...	...	...	...	...	...	...	
PRICES																		
53. Wholesale, index of S.G.F. (a)	"	100	88.4	80.0	68.2	63.6	60.0	54.0	65.5	67.0	75.1	88.0	87.7	88.8	92.8	96.2	100.5	100.2
54. Cost of living, Paris, " (a)	"	100	104.5	102.3	94.6	93.5	92.8	86.9	91.1	90.6	97.1	109.0	109.0	109.0	113.3	113.3	113.3	
55. Industrial securities	"	100	84.6	58.1	47.0	44.8	35.3	36.3	33.4	28.0	34.9	43.3	42.5	42.6	40.4	41.6	41.2	
FINANCE																		
56. Govt. revenue: impôts indirects	Mill. frs.	35,496	33,912	33,048	28,980	28,560	27,420	26,244	26,670	19,711	22,340	10,122	12,047	14,354	17,522	19,684	22,054	
57. Impôts sur les revenus	"	10,592	10,716	10,068	7,428	6,348	5,904	5,067	5,705	3,045	3,807	697	1,044	1,379	2,262	3,989	3,991	
58. Bank of France: Gold	"	41,668	53,578	68,863	83,017	77,098	82,124	81,150	86,296	54,859	64,339	67,597	57,358	54,859	55,677	55,718	55,805	
59. " Notes in circulation	"	68,571	76,436	85,725	85,028	82,613	83,412	81,150	86,296	54,859	64,339	67,597	57,358	54,859	55,677	55,718	55,805	
60. Commercial bank deposits	"	34,065	36,681	38,245	37,759	32,635	30,943	27,533	28,484	25,137	27,549	27,702	28,242	28,185	28,928	28,968	26,387	
61. Bank clearings, Paris	"	42,705	46,333	38,377	27,700	31,545	27,012	28,275	24,244	21,616	26,399	31,331	28,247	29,991	28,318	23,175	30,780	
62. Interest rates: Bank rate	%	3.50	2.71	2.12	2.50	2.50	2.50	3.70	4.00	5.0	4.0	4	4	4	5	4	3.1	
63. " Market discount	%	3.50	2.71	2.12	2.50	2.50	2.50	3.70	4.00	5.0	4.0	4	4	4	5	4	3.1	
64. " 3% Rentes	%	3.96	3.28	3.31	3.48	3.24	3.10	2.69	2.47	2.41	2.42	2.74	2.67	2.64	2.58	2.58	2.67	
65. Capital issues	Mill. frs.	1,569	2,233	1,899	1,812	868	808	615	828	242	501	150	448	112	611			

Commodity	Unit of Measurement	Monthly Average										1936		1937					
		1929	1930	1931	1932	1933	1934	1935	1936	(a)	Sept.	Oct.	Apr.	May	June	July	Aug.	Sept.	Oct.
COAL																			
1. Production: Belgium	Th. metric tons	2,245	2,285	2,254	1,785	2,108	2,199	2,207	2,323	2,159	2,518	2,623	2,298	2,512	2,274	2,345	2,532	...	
2. " France	"	4,482	4,490	4,167	3,856	3,907	3,969	3,851	3,769	3,484	4,165	3,910	3,414	3,509	3,530	2,587	3,673	...	
3. " Germany: Coal	"	13,820	11,892	9,887	7,208	9,141	10,405	11,918	13,198	13,348	14,597	15,720	13,904	15,403	15,915	15,354	15,634	...	
4. " Poland	"	3,853	3,128	3,189	2,408	2,283	2,436	2,395	2,479	2,692	3,157	2,740	2,494	2,557	2,948	3,219	3,109	3,197	
5. " U.K.	"	21,837	20,650	18,582	17,717	17,525	18,708	18,877	19,340	19,106	20,341	22,093	19,016	20,557	19,246	18,524	20,749	...	
6. " U.S.A.	"	46,026	40,590	33,395	27,183	28,967	31,398	31,478	36,470	37,182	43,125	29,707	31,041	32,841	31,123	32,885	38,298	40,478	
7. " All Principal countries	"	107,219	98,062	86,002	76,435	79,688	87,503	89,335	96,820	97,889	109,311	97,413	92,563	98,535	96,019	95,351	...	...	
8. Price: Av. Br. expt. price	sh. per ton	16-08	16-67	16-17	16-25	16-08	16-04	16-29	16-98	17-12	17-19	17-64	18-56	18-88	18-99	19-08	19-43	19-35	
OIL																			
9. Production: Dutch East Indies	Th. metric tons	437	461	392	424	461	503	507	536	533	580	584	611	599	632	628	616	...	
10. " Mexico	"	556	492	411	408	422	475	501	511	563	499	635	508	599	575	418	...	...	
11. " Persia (Anglo-Ir. Oil)	"	462	503	487	543	544	579	577	628	591	645	750	762	699	688	...	...	...	
12. " Roumania	"	408	483	563	612	615	706	698	723	720	716	604	616	687	591	589	...	...	
13. " U.S.A.	"	11,509	10,260	9,714	8,970	10,347	10,375	11,386	12,550	12,472	13,134	14,393	15,206	14,750	15,180	15,779	15,078	...	
14. " U.S.S.R.	"	1,206	1,552	1,912	1,791	1,786	2,013	1,989	2,129	2,049	2,218	2,181	2,194	2,229	2,085	2,085	...	...	
15. " All Principal countries	"	17,082	16,283	15,766	15,004	16,465	17,366	18,768	20,483	20,410	21,218	22,797	23,819	23,079	23,789	24,452	...	...	
16. Stocks: U.S.A. end year	million barrels	422	402	371	340	354	337	315	288	288	296	304	308	308	308	311	...	...	
17. Price: U.S. Mid-Cont. crude	cents per barrel	123-3	111-1	57-3	81-3	60-1	94-0	94-0	104-0	104-0	104-0	116-0	116-0	116-0	116-0	116-0	116-0	116-0	
CRUDE STEEL																			
18. Production: Belgium	Th. metric tons	342	280	259	232	229	246	252	265	275	298	328	330	349	356	357	355	...	
19. " France	"	808	787	652	470	544	514	523	559	545	627	684	651	685	685	559	662	...	
20. " Germany, inc. Saar	"	1,354	962	691	481	632	960	1,342	1,596	1,723	1,705	1,645	1,608	1,638	1,654	1,663	1,690	...	
21. " Japan, ex. castings	"	191	191	157	200	267	325	375	419	401	422	514	498	489	489	221	215	214	
22. " Luxembourg	"	225	189	170	163	154	161	153	165	185	188	230	224	227	221	215	214	...	
23. " U.K.	"	816	620	438	445	595	750	833	990	1,043	1,078	1,098	1,064	1,124	1,076	1,180	1,579	1,507	
24. " U.S.A., ex. castings	"	4,599	3,325	2,133	1,128	1,913	2,139	2,830	3,973	4,228	4,618	5,153	5,236	4,251	4,630	4,940	4,371	...	
25. " U.S.S.R.	"	407	483	451	490	571	800	1,034	1,362	1,367	1,519	1,493	1,521	1,450	1,429	1,458	1,458	...	
26. " All Principal countries	"	9,714	7,660	5,615	4,113	5,510	6,638	7,983	9,975	10,442	11,148	11,872	11,927	11,053	11,315	11,428	11,165	...	
27. Price: Pig iron Cleveland No. 3	per ton £	3-53	3-35	2-91	2-91	3-13	3-35	3-39	3-70	3-75	3-75	4-05	4-05	5-05	5-05	5-05	5-05	5-05	
GOLD																			
28. Production: Union of S. Africa	Thous. fine ozs.	888	893	907	963	918	873	898	945	966	977	980	972	975	997	989	976	...	
29. " U.S.S.R.	"	90	120	142	166	222	355	496	613	...	...	...	...	...	...	...	...	...	
30. " Canada	"	161	175	225	254	246	248	274	310	331	334	323	340	345	347	348	341	...	
31. " U.S.A.	"	171	175	185	185	190	229	264	310	...	...	...	...	...	...	...	...	...	
32. " World (b)	"	1,632	1,736	1,863	2,028	2,118	2,313	2,574	2,900	...	...	...	...	...	...	...	...	...	
33. Price: London, per fine ounce	sh.	84-9	85-0	92-5	118-0	124-9	137-6	142-1	140-3	137-99	141-91	141-30	140-61	140-56	140-03	139-52	140-20	140-52	
WHEAT																			
34. World shipments, yr. ended July	Mins. of bushels	77	53	69	67	53	46	43	42	...	...	...	...	...	...	...	...	...	
35. Stks.: World visible supplies (a)	"	370-1	411-9	462-7	408-2	459-7	477-2	339-5	275-1	315-8	305-6	47	43	41	29	...	...	...	
36. Average British import price...	sh. per cwt.	10-33	8-22	5-09	6-15	5-52	5-38	6-02	7-58	7-87	6-68	234-7	184-2	157-8	229-5	273-3	312-0	...	
COTTON																			
37. Mill consumption: U.K.	Thousands of actual bales	233	205	164	182	187	206	209	228	233	233	...	...	...	...	...	...	...	
38. " Japan	"	231	250	214	231	242	271	311	304	324	324	...	...	...	...	...	...	...	
39. " U.S.A.	"	586	505	437	494	509	472	443	504	641	641	...	...	...	...	...	...	...	
40. " World	"	2,157	2,101	1,874	1,860	2,029	2,093	2,035	2,116	2,389	2,389	...	...	...	...	...	...	...	
41. Stks.: World Visible Supplies (a)	Thousand bales	2,738	4,317	6,593	7,682	7,510	6,571	3,983	4,297	5,599	7,412	5,725	5,105	4,362	3,875	4,167	5,930	7,906	
42. Price: Mid. American	d. per lb.	10-33	7-46	5-08	5-25	5-54	6-67	6-70	6-69	6-85	6-83	7-60	7-31	7-06	6-68	5-89	5-38	4-84	
SUGAR																			
43. Stks.: World visible supplies (a)	Thous. tons	4,047	5,522	6,765	7,018	6,441	5,692	4,168	2,983	2,983	3,866	5,312	4,722	...	...	...	...	...	
44. Av. Brit. import price, unrefined	sh. per cwt.	9-68	8-91	8-10	7-70	7-46	6-92	6-38	6-71	...	...	...	...	...	...	...	...	...	

GROUP II (b).—BI-MONTHLY TABLE

COPPER																					
1. Production: Belgian Congo	Th. metric tons	11-9	11-4	10-0	4-5	5-6	10-8	12-1	8-1	...	...	...	...	...	...	...	...	...	...	...	...
2. (Smelter) Canada	"	6-1	8-5	9-2	8-0	9-9	12-7	14-7	15-7	...	...	...	...	...	...	...	...	...	...	...	...
3. " Chile	"	25-3	17-3	18-0	8-1	9-1	20-6	21-6	20-4	...	...	...	...	...	...	...	...	...	...	...	...
4. " N. Rhodesia	"	0-5	0-5	0-5	0-5	0-5	11-7	12-2	12-1	...	...	...	...	...	...	...	...	...	...	...	...
5. " U.S.A.	"	83-2	60-8	44-8	23-2	18-9	27-3	38-3	55-4	...	...	...	...	...	...	...	...	...	...	...	...
6. " World	"	157-9	131-1	114-9	77-6	86-6	98-4	118-6	128-5	...	...	...	...	...	...	...	...	...	...	...	...
7. Consumption: World	"	146-8	120-0	103-5	75-5	89-1	100-8	121-2	135-5	...	...	...	...	...	...	...	...	...	...	...	...
8. Stocks: U.K.	"	6-6	7-8	21-7	37-3	32-8	88-7	136-7	146-9	...	...	...	...	...	...	...	...	...	...	...	...
9. (Refined) Stocks: World	"	423-0	547-1	692-7	724-5	634-2	532-6	440-3	320-4	...	...	...	...	...	...	...	...	...	...	...	...
10. Price: Std. cash, London	£ per ton	75-48	54-54	38-31	31-71	32-57	30-32	31-91	38-48	...	...	...	...	...	...	...	...	...	...	...	...
LEAD																					
11. Production: Australia	Th. metric tons	15-0	14-3	12-7	15-8	17-4	16-9	18-2	16-6	...	...	...	...	...	...	...	...	...	...	...	...
12. (Smelter) Canada	"	11-5	11-5	10-5	9-6	9-6	11-9	12-4	13-8	...	...	...	...	...	...	...	...	...	...	...	...
13. " Germany	"	8-2	9-2	8-4	7-9	9-7	10-0	11-6	13-4	...	...	...	...	...	...	...	...	...	...	...	...
14. " Mexico	"	19-2	19-3	17-3	10-9	10-0	14-0	15-1	17-5	...	...	...	...	...	...	...	...	...	...	...	...
15. " Spain	"	11-1	10-1	9-1	8-8	7-3	6-1	5-9	6-9	...	...	...	...	...	...	...	...	...	...	...	...
16. " U.S.A.	"	54-1	46-4	31-4	21-1	20-8	24-2	24-8	30-4	...	...	...	...	...	...	...	...	...	...	...	...
17. " World	"	145-0	137-2	113-3	95-9	96-6	110-3	114-2	122-3	...	...	...	...	...	...	...	...	...	...	...	...
18. Stocks: U.K.	"	2-0	8-5	13-3	20-6	29-7	19-7	7-1	6-2	...	...	...	...	...	...	...	...	...	...	...	...
19. " U.S.A.	"	49-7	93-6	137-5	159-4	184-3	210-2	201-6	156-4	...	...	...	...	...	...	...	...	...	...	...	...
20. Price: "Soft Foreign," London	£ per ton	23-25	18-05	13-02	11-00	11-68	10-93	14-25	17-60	...	...	...	...	...	...	...	...	...	...	...	...
SPELTER																					
21. Production: Holland	Th. metric tons	2-1	1-9	1-6	1-3	1-5	1-7	1-1	...	...	...	...	...	...	...	...	...	...	...	...	...
22. (Smelter) Belgium	"	16-5	14-7	11-2	8-0	11-4	14-6	15-3	...	...	...	...	...	...	...	...	...	...	...	...	...
23. " Canada	"	6-5	9-2	9-0	6-5	7-0	10-3	11-3	...	...	...	...	...	...	...	...	...	...	...	...	...
24. " Mexico	"	1-3	2-5	2-9	2-5	2-2	2-4	2-7	...	...	...	...	...	...	...	...	...	...	...	...	...
25. " Germany	"	8-5	8-8	8-3	3-5	4-2	6-1	10-4	11-4	...	...	...	...	...	...	...	...	...	...	...	...
26. " Poland	"	14-1	14-6	10-9	7-0	6-9	7-7	7-1	7-7	...	...	...	...	...	...	...	...	...	...	...	...
27. " Australia	"	4-4	4-7	4-6	4-5	4-6	4-6	5-7	7-4	...	...	...	...	...	...	...	...	...	...	...	...
28. " U.K.	"	4-9	4-1	1-8	2-3	3-5	4-3	5-6	...	...	...	...	...	...	...	...	...	...	...	...	...
29. " U.S.A.	"	47-3	37-7	22-1	15-7	23-2	27-5	31-8	39-6	...	...	...	...	...	...	...	...	...	...	...	...
30. " World	"	70-15	116-7	83-4	65-3	82-2	97-7	111-2	124-6	...	...	...	...	...	...	...	...	...	...	...	...
31. Stocks: U.K.	"	12-1	12-0	21-6	13-2	7-0	10-9	8-2	12-4	...	...	...	...	...	...	...	...	...	...	...	...
32. " U.S.A.	"	130-2	130-2	113-2	95-7	108-7	76-1	40-5	69-5	...	...	...	...	...	...	...	...	...	...	...	...
33. Price: G.O.B., London	£ per ton	24-88	16-84	12-45	13-58	15-68	13-87	14-08	14-90	...	...	...	...	...	...	...	...	...	...	...	...
TIN																					
34. Production: Bolivia	Tons	3,862	3,179	2,562	1,715	1,227	1,579	2,264	2,096	...	...	...	...	...	...	...	...	...	...	...	...
35. (exports) Dutch E. Indies	"	2,676	2,909	2,290	1,307	1,201	1,757	2,060	2,629	...	...	...	...	...	...	...	...	...	...	...	...
36. " China	"	334	356	314	464	592	545	674	748	...	...	...	...	...	...	...	...	...	...	...	...
37. " Belgian Congo	"	81	72	12	57	185	384	540	626	...	...	...	...	...	...	...	...	...	...	...	...
38. " British Malaya	"	5,781	5,331	4,576	2,479	2,075	2,838	3,830	5,567	...	...	...	...	...	...	...	...	...	...	...	...
39. " Nigeria	"	885	724	602	355	314	416	586	748	...	...	...	...	...	...	...	...	...	...	...	...
40. " Siam	"	828	922	1,037	772	860	882	984	664	...	...	...	...	...	...	...	...	...	...	...	...
41. " World	"	15,582	14,251	12,020	7,830	7,261	9,155	11,710	14,052	...	...	...	...	...	...	...	...	...	...	...	...
42. " Quota of restrg. countries	% of std. quantity	...	...	67-7	42-8	32-6	45-0	58-8	92-5	...	...	...	...	...	...	...	...	...	...	...	...
43. Consumption: U.K.	tons	2,518	1,888	1,745	1,542	1,654	1,756	1,786	1,822	...	...	...	...	...	...	...	...	...	...	...	...
44. " U.S.A.	"	7,298	5,385	5,262	2,938	4,899	3,633	5,191	6,309	...	...	...	...	...	...	...	...	...	...	...	...
45. " World	"	14,834	13,450	11,283	7,289	10,604	9,807	11,873	13,004	...	...	...	...	...	...	...	...	...	...	...	...
46. Stocks: World	%	32,449	46,623	59,247	55,903	29,135	17,107	13,841	22,695	...	...	...	...	...	...	...	...	...	...	...	...
47. " Ratio to annual cons.	%	18-2	28-9	43-8	56-2	22-9	23-7	14-6	10-2	...	...	...	...	...	...	...	...	...	...	...	...
48. Price: Std. cash, London	£ per ton	203-9	141-8	118-6	136-0	184-8	230-4	225-7	204-6	...	...	...	...	...	...	...	...	...	...	...	...

British Industrial Developments

The following reports on British industry cover, in most cases, the period to the middle of December. In the remainder they relate to the month of November.

COAL

The coal industry is now experiencing a normal seasonal improvement and is appreciably better off than at this time last year. The output of commercially disposable coal last month was 21,207,000 tons, compared with 20,372,000 in the previous month and 19,211,000 in November, 1936. Employment consequently showed a further improvement last month in most of the principal districts, there being a marked decline in the number of work-people temporarily stopped. As foreshadowed a month ago, however, export business was less satisfactory in November, though continuing to show progress compared with last year. The quantity of coal sold abroad and shipped for the use of steamers last month was 4,728,000 tons, against 5,116,000 tons in October and 4,205,000 tons in November, 1936. While the volume of shipments in recent weeks has been well maintained on contract account, the decline in new business has continued. Competition from the Continent is a source of anxiety to British shippers. Meanwhile, with the colder weather and the approach of Christmas, December witnessed a considerable improvement on the house coal market, and stocks have now been substantially reduced. Demand for industrial grades of coal and coke has also been strong and shortages of some descriptions are reported.

IRON AND STEEL

The output of steel ingots and castings reached a record in November, but pig-iron production was slightly smaller than in October, which contained one more working day. The total output of crude steel in 1937 is now expected to reach 12.9 million tons, against 11.7 millions in 1936. A year ago both pig iron and steel production showed a substantial decline between October and November. Imports of iron and steel materials rose sharply last month, when they were three times as heavy as in 1936. Exports, however, registered a decline between October and November and were only slightly higher than a year ago. The rising domestic output, accompanied by heavier imports and practically unchanged exports, has brought about a substantial increase in the supplies available to domestic consumers. Our index of domestic iron and steel consumption rose from 125 (1935 = 100) in November, 1936, to 158½ and 166½ in October and November this year. Moreover, despite the enormous increase in domestic supplies, there are as yet no indications of an accumulation of stocks. While the volume of new business has not been as heavy as in recent months, consumption is expected to continue at a high level for some time to come.

GENERAL ENGINEERING

In contrast to the usual seasonal movement, unemployment showed a slight increase during the past month. Moreover, while armament contracts are probably still increasing, there has been a slight fall in new civil business. In general, the industry is slightly less optimistic than hitherto. While there are indications of a lull in progress, current activity is at a very high level. As the volume of work on hand remains substantial, operations are expected to continue at a fairly high level until the middle of next year. The industry now has less difficulty in obtaining supplies of raw materials, but despite the British Iron and Steel Federation's decision to maintain prices unchanged until the end of next year, there is some uncertainty concerning the Federation's ability to carry out their decision. Exports remain at a satisfactory level, shipments of machinery having increased from 32,000 tons in November, 1936, to 40,300 tons last month. Imports also continue above last year's level, though the increase in volume is less marked than in the case of exports. During November, for example, imports of machinery were 11,500 tons, compared with 9,000 tons a year ago. Heavy imports of rolling-mill machinery were a feature of the November returns. Most individual branches of the industry remain active.

ELECTRICAL EQUIPMENT

The past month witnessed a slight increase in the proportion of the insured workers unemployed in electrical engineering and in the manufacture of electric cables, apparatus, lamps, and other equipment. Exports, however, remained satisfactory. Thus, the value of electrical machinery shipped abroad rose from £207,000 in November, 1936, to £271,000 last month. During the same period exports of electrical goods and apparatus advanced from £867,000 to £1,163,000. It must be remembered, however, that these exports represent orders placed some time ago. Despite the lull in activity last month there are no indications of a serious decline in the near future. The BEAMA index of new domestic and foreign orders for heavy generating plant showed no further decline last month, a slight reduction in foreign business having been offset by an improvement in domestic contracts.

AUTOMOBILES

Following the setback in September, the motor industry suffered a further reduction of sales in October. Home sales of private

cars were 29,901 (12.5 per cent.) below the level of October, 1936, while sales of goods vehicles showed a decline of 797 units (11 per cent.). It remains to be seen whether—as is anticipated in the trade—the figures for November and December register an improvement. Meanwhile sales overseas have been well maintained. During November, exports of private cars and chassis totalled 6,610 units, against 6,322 in the same month of last year, while shipments of commercial vehicles amounted to 1,690, against 1,637. Taking the year as a whole, exports business in 1937 shows one of the largest increases ever recorded.

BUILDING

Apart from seasonal factors, activity in the building industry is maintained on a high level. There was, however, a seasonal decline in employment in November, principally affecting the painting and decorating branch. On the whole there was little change compared with November, 1936. Activity is likely to show a further seasonal slackening in the near future, while a more general decline seems probable later in the New Year. The month, as published by the Ministry of Labour Gazette, was 13.5 per cent. below the level of a year ago. A further adverse factor in the outlook is the increase of 3s. per ton in the price of cement, announced early in December. On the other hand, figures, and these may be sufficient for a time to offset the effects of the probable decline in private construction. The outlook would, moreover, be radically transformed if the Government were to embark upon a public works policy or encourage the local authorities to accelerate slum clearance.

CHEMICALS

Business on the home chemical market has been on a fair scale generally during the past month. In the industrial chemicals section, a considerable number of inquiries have been received for coal tar products, this section of the market having been dull throughout the month. Trade in wood distillation products has continued on a very fair scale, and there has been a steady though small demand for pharmaceutical chemicals. The returns for November show a further increase in overseas trade in chemicals, £256,345, as compared with November, 1936, the increase for imports being £291,958.

POTTERY

The position of the industry has been gradually deteriorating recently and the unemployment percentage for November was 13.6, against 12.4 in the same month of last year. In North Staffordshire last month employment showed a slight decline but fairly good, while Derby remained the brightest spot in the industry. Export business in some directions was less satisfactory last month, shipments of tiles, sanitary ware and china being smaller than in the same month of last year. Overseas sales of general earthenware and of electrical ware were, however, above the level of November, 1936.

FOOTWEAR

A slight decline in the number of workpeople employed in the boot and shoe industry was recorded last month and short-time working was more common than overtime; the position of the industry was still better than at this time last year. Total exports last month were smaller than in November, 1936—38,541 dozen pairs, against 39,685 dozen pairs—the fall being wholly accounted for by smaller sales of women's shoes. Two years ago the Irish Free State constituted the most important overseas customer of the footwear trades, but business with that country has now shrunk to comparatively small dimensions.

COTTON

The past month has been an unsatisfactory one for the cotton textile industry. The employment position suffered further deterioration and the unemployment percentage was a trifle higher than in November, 1936. New business was limited and sales were appreciably smaller than output. Some producers have consequently been disposed to make price concessions. Raw cotton prices have been about steady, despite a further increase in the official estimate of the American crop, which is now fore-
have again been disappointing. Exporters to India have kept in touch with Manchester prices, but purchasing has been of a local, though a small trade has been done for Hong Kong. Business with West Africa has given rise to anxiety and less demand has been experienced for South America. Home trade for the Government in heavy and fine materials. Sales of yarn have been less than one-half the production of the mills, but spinners have maintained their price agreements. Spindle activity is now running at 90 per cent. of capacity, against 92 per cent. last month and 89 per cent. at the same time last year.

JUTE

The raw material has been subject to fairly wide fluctuations, the general tendency being downward. The manufacturing industry has had another unsatisfactory month, and unemployment is at a high level. Government orders for sandbags have provided a certain amount of work, but new business has been extremely quiet in recent weeks, and severe competition from India has had a depressing effect on prices. Further representations on the question of Indian imports are, it is stated, likely to be made to the Government in the near future.

LINEN

All flax markets are firm and recorded transactions are confined to moderate quantities. Linen yarns have been purchased in bulk by both merchants and manufacturers, and prices have risen. This increase has brought out some covering in cloth requirements, but not to the extent anticipated.

RAYON

Finished goods are moving into consumption slowly and there is a tendency for stocks to accumulate. New business in rayon yarns has accordingly been scarce in most sections of the trade in recent weeks and machinery activity has declined; nevertheless deliveries remain substantial. Staple fibre has been reduced in price from 11d. to 10d. per lb., but the finished yarns have been reduced by only ¼d. per lb., and spinners' margins have consequently improved.

WOOL

November was a bad month for the wool textile industry, and the employment position, especially in the woollen and carpet sections, showed a serious deterioration. Unemployment amounted to 15.5 per cent. of the insured workpeople last month, against 11.3 per cent. in October and (on a comparable basis) 6.2 per cent. a year ago. The heavy reduction in the demand for manufactures was reflected in the raw wool markets, where quotations fell 20 to 30 per cent. below the level of last summer. The value of exports was, however, well maintained last month, the total being appreciably above the previous year's corresponding figure. Germany, although taking less than last year, was again the

industry's chief overseas customer. It is reported, moreover, that the tone of the markets has undergone a change for the better in the latter part of December. A sharp improvement in demand at the manufacturing end has revealed a temporary shortage of the raw material and prices have been advanced. It remains to be seen whether this improvement will be maintained.

AGRICULTURE AND FISHERIES

Autumn sowing and cultivation are well forward. Early-sown corn has germinated well. The quality and condition of the potato crop is good generally, and total production is estimated at about 3,126,000 tons. The bulbs of root crops are smaller than usual. Mangolds are of sound quality, and the total production is estimated to be about 3,668,000 tons, while swedes and turnips are moderate. The yield per acre is estimated at 10.9 tons, which is 0.6 tons less than the average yield for the ten years 1927-36. The sugar beet crop generally is satisfactory, and the average sugar content is reported to be high. On present information the yield per acre is expected to be about 8.1 tons of washed and topped beet. Cattle and sheep have made fair progress. Supplies of winter keep will probably be sufficient, but straw is expected to be scarce later. Milk yields have shown a fall of more than normal seasonal dimensions since the period of peak production. British takings of wet fish were larger in November than in the same month of last year, the total being 2,607,300 cwt., compared with 2,337,050 cwt. The aggregate value of the catch last month was £1,499,400, against £1,426,800 a year earlier. The year's catch to date has been rather larger than during the same period of 1936, but the aggregate value shows a decline.

SHIPPING

The shipping position has suffered a sharp deterioration during the past two months in consequence of the uncertain economic and political outlook and the decline in commodity prices. Thus the *Economist* index of whole cargo shipping freights (1898-1913 = 100) fell from 163.6 to 146.1 last month, the latter figure comparing with 112.4 in November, 1936. This decline has had unfortunate repercussions on the shipbuilding industry, where new orders have declined. It would be rash to assume that freight rates have yet touched bottom.

UNITED KINGDOM—THE ECONOMIST INDICES OF BUSINESS ACTIVITY*

Daily Averages of 1935 = 100

Period	Employment	Consumption of Power		Transport		Postal Receipts	Building Activity	Consumption of		Foreign Trade			Bank Clearings		Complete Index	
		Coal	Electricity	Merchandise on Railways	Commercial Motors in Use			Iron and Steel	Cotton	Imports of Raw Materials	Exports of British Manufactures	Shipping Movements	Metropolitan, Country, Provincial	Town	Monthly	Twelve-Months' Moving Average
Number of Weights.....	10	4	2	4	2	3	2	2	1	2	3	2	4	1	42	
1929	98½	103	68	127	76	95	60	97	111	98½	137½	108½	91	109	98½	...
1930	94½	98½	69	115½	80½	96½	65½	84½	82	88	108	107	88	112	93	...
1931	91	92	71½	86	86	94	57	73	86	82½	80½	97½	86½	96	87½	...
1932	90	90	78	88½	89½	94½	57	59½	94	84	82	94½	86½	86½	84	...
1933	83½	97½	88½	100	95	97½	88	70	101	92½	85	96	91	88	98	...
1934	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	...
1935	105	104½	112½	106½	105½	104½	107	125	109½	110½	101½	102	104	103½	106	...
1936	98½	99½	94	98	95	97½	93	89	87	89	93	97½	95½	114½	96	96½
1937—November.....	98½	93½	87	99½	95½	101	92½	96	97½	94	98	100	99	100½	97	96½
December.....	98½	93½	87	99½	95½	101	92½	96	97½	94	98	100	99	100½	97	96½
1938—January.....	98	96	92	103½	98½	98	93½	98½	98	85	95½	95	98	110	97	97
February.....	98	96	92	99	98½	98	95	94½	92	91½	104	97	98	94½	97	97½
March.....	98	92½	93	98	99½	95½	96½	97	94	85	98½	97½	96	92	96	97½
April.....	98½	98	97	97	99	101	98	92	90	100	99	100	97	97	98	98½
May.....	99½	102½	99	100½	99½	98	98	93	96	100	99	100	99	100	99	98½
June.....	100	99½	97	99½	98	96	99	98	99	100	100	100	104	99	99	99½
July.....	101	94	96½	100	100	99	100	104½	100	100	100	100	102	98	99	100
August.....	101	92	99	98	100½	101	102	105	98	104	103	101½	102	85	101	100½
September.....	101	100½	99	98	100	101	99	103	102	98	102½	98	99	96	101	101½
October.....	101	105	101½	101½	101	99	105	102	107	106	99	101	99	96	102	101½
November.....	101	104	102	103	101½	100	108	113	99	117	99	103	103	112	104½	102½
December.....	101½	105½	108½	102½	102	104	108	113	99	117	99	103	103	112	104½	102½
1938—January.....	101½	107	104	104	103½	101	106½	117	108½	97½	92½	98½	98	91	102	102½
February.....	102½	100½	108	102	104	101½	107	115	100	98	102	100½	99	93	102½	103½
March.....	103	98	105	105	104½	102	107	112	101	99½	98	99	100	94	102½	104½
April.....	103½	103	111	105	105	102	106½	116	110	107½	98½	98½	101	97	105	104½
May.....	104	102½	107	104	105	101	107	118	112	106	99	100	103	96½	104½	105½
June.....	105	104	109	106	105	103	109	121	119	117	98	102½	104	104	106	105½
July.....	106	104	111	109	106	103	109	123	120	117	105½	101	104	103	108	106½
August.....	107	102½	112	108	106	106	108	139	120	117	101	107	108	103	108	107
September.....	107	104	113	107	107	104	107	127	102	117	107	108	106	114	108	108
October.....	107	104	117	108	108	107	105	125	100	119	107	108	109	111	108	108½
November.....	107	104	117	113	108	108	103	134	109	108	108	103	107	122	109	109½
December.....	107	107½	117	113	108	108	103	134	109	108	108	103	107	122	109	109½
1937—January.....	109	97½	116	110	109	107½	102	124	111½	103	104	101	106½	105	107½	109½
February.....	109½	108	116	107	109	110	102	118	110	102½	111	107	108	115	109½	110
March.....	109	110	125	108	110	107	99	118	123	119	120	114	108	107	111	110
April.....	110	112	122	115	110	110	102	117	116	103	108	102	103	109	109	111
May.....	110	115	123	113	111	107	99	133	111	125	117	114	107	98½	112	111½
June.....	111	115	122	113	111	105	96	140	131	122	113	109	106	99	113	...
July.....	112	106½	123	114	111	108	95	160	115	130	111	113	106	99	113	...
August.....	112	107½	125	114	111	108	95	157	106	133	113	106	106	99	113	...
September.....	112	110½	124	117	112	108	96	158	107	129	109	110	104	99	113	...
October.....	112	108½	124	119	113	108	95	166	106	130	102	109	104	100	112	...
November.....	111½	106	128	115	113	108	95	166	106	130	102	109	104	100	112	...

* For method of construction and earlier figures (1924-1936) see Supplement to *The Economist* of July 25, 1936. Revised. p Provisional. † Annual indices represent averages of monthly figures.

Business Developments Overseas

BRITISH EMPIRE

AUSTRALIA.—According to cabled information from the National Bank of Australasia, recent rains have improved summer prospects in the grazing, dairying and fruit-growing districts. Wheat has ripened early and the expected yield is stated to be 150 million bushels. The wool market has been passing through a quiet spell, but a stronger tone was displayed at the latest sales. Meanwhile, industrial building and trading activities are stated to be well maintained. On the Stock Exchange industrials are steady. Consols are firm and metal shares have recovered.

SOUTH AFRICA.—Absence of adequate rainfall has adversely affected the farming outlook recently, while international factors have caused a setback on the produce markets. It is feared that these factors may react unfavourably on the Christmas trade. Business generally, however, appears to be well maintained, though certain of the secondary industries are less buoyant than at this time last year. It is stated that the building industry generally has sufficient plans on hand to ensure the maintenance of the existing level of activity for many months.

CANADA.—Business generally has been maintained in Canada better than in the United States, though there are now signs that a decline has set in. Thus, the Dominion general economic index has recently shown a sagging tendency. The setback on the commodity markets has introduced an element of uncertainty into the outlook for a number of industries. The position of the newsprint industry has, however, been improved by the recent signing of a long-term contract between a group of newsprint companies and a group of leading Australian publishers. Meanwhile, a brisk Christmas trade is expected.

HONG KONG.—The British colony has naturally been considerably affected by the undeclared war between China and Japan. The influx of refugees has taxed housing capacity to the utmost and has considerably increased the demand for foodstuffs. Prices and rents are accordingly on the upgrade. In consequence of the tightening up of imperial preference regulations manufacturers are switching from Japanese to Empire raw materials. Meanwhile, the trade of the colony has been abnormally swollen owing to a large volume of merchandise destined for Shanghai being landed at the southern port.

EUROPE

FRANCE.—Evidence of a gradual improvement in business activity is steadily accumulating. Thus, the official index of industrial production, which rose from 91 (1913 = 100) in August to 97 in September, increased to 100 in October. A year ago the index stood at 98. There has been an increase of activity in the mining and metal trades. The textile industry is also a little more active, but building operations remain at a very low ebb. The report of the Committee on Production recommending certain adjustments in working conditions has been favourably received, and there are indications that the trade unions are not against the introduction of greater elasticity into working conditions, provided that the principles of last year's social legislation are maintained. The repatriation of capital, an indication of returning confidence, has continued in recent weeks, and the activity of the capital market has shown an increase during the past two months. Commodity and security prices show little change.

GERMANY.—Industrial activity remains at a high level. The German Institute for Business Research's index of industrial production (1928 = 100) rose from 124.9 in September to 125.7 in October. A year ago the index stood at 113.8. Average daily pig-iron production rose from 45,000 tons in September to 45,700 tons in October, compared with 44,500 in October last year. Crude steel output was 65,900 tons per day in October, against 65,000 in September and 63,300 in October last year. The output of coal increased from 541,000 tons per day in October, 1936, to 601,000 tons and 620,000 tons respectively in September and October this year. There are no indications of an early setback in activity. Indeed, the output of steel is insufficient to meet all requirements. Retail trade is also expanding, though less rapidly. The Institute for Business Research's index of retail trade for October was 89.0 (1928 = 100), against 87.2 a year ago. The increase in the number of unemployed during November from 502,000 to 573,000 is ascribed to seasonal movements. At the end of November, 1936, the number of unemployed, as officially recorded, was 1,197,000. Wholesale prices are scarcely changed on the month, but share prices show a slight decline.

HOLLAND.—Holland, whose fortunes are intimately linked up with the trend of the prices of primary products, has suffered a recession in business activity. Thus, the index of production, which rose rapidly after the suspension of the gold standard from 69.1 (1929 = 100) in September, 1936, to 102.5 last July, had fallen to 75.9 by October. Similarly, the number of registered unemployed, after declining from 394,444 at the end of October, 1936, to 310,616 at the end of last June, rose again to 340,436 at the end of October. The value of imports declined from 148.7 million gulden in October to 130.3 millions in November, against 100.6 millions in November, 1936. Again, exports which had risen from 77.4 million gulden in November, 1936, to 106.2 millions last October, fell to 97.9 millions in November.

SWEDEN.—Business activity remains at a record level. For example, the index of industrial production rose from 134 (1929 = 100) in October, 1936, to 145 and 146 respectively in September and October this year. Crude steel production last October was 107,000 metric tons—the highest level so far

attained—against 105,000 tons in September and 97,000 tons in October, 1936. The number of unemployed, including forestry and timber-floating workers, at the end of September was 43,474, compared with 51,965 a year earlier. The value of imports in October was Kr. 192.4 millions, against 186.8 millions in September and 159.8 millions a year ago. Exports in October were Kr. 192.9 millions, compared with 195.0 millions in September and 145.3 millions a year earlier. But the outlook is now less promising.

CZECHOSLOVAKIA.—Recovery made headway until last spring, but more recently industry has been marking time. For example, the index of industrial production, after advancing from 82.7 (1929 = 100) in September, 1936, to 99.8 last May, had fallen to 97.8 by September. Coal production in October was 1,460,000 metric tons, against 1,626,000 tons in September and 1,260,000 during the corresponding month a year ago. The output of crude steel in October was 200,000 metric tons, compared with 199,000 tons in September and 143,000 a year ago. The number of registered unemployed fell from 510,205 at the end of November, 1936, to 237,737 at the end of October, but rose to 332,981 a month later. The value of imports last October was Kr. 959.4 millions, against 789.7 millions a year ago. Exports rose during the corresponding period from Kr. 768.2 millions to Kr. 1,120.3 millions. Wholesale prices eased.

UNITED STATES OF AMERICA

The process of curtailment of industrial activity continued throughout November, when new purchases of capital equipment came almost to a standstill. The extent of the decline is revealed by the fall of the *New York Times* index of business activity, from 104.7 during the week ended September 25th to 94.0 during the first week in November and 84.8 during the week ended December 4th. A year ago the index stood at 107.5. Within the short space of three months activity has thus fallen well below the level of a year ago. As a result of the drastic curtailment of production the heavy stocks of semi-manufactured articles and manufactured goods have been substantially reduced. During the second week of December the decline in activity lost momentum, and the *New York Times* index showed a fractional rise. The latest news is more hopeful, and some observers even suggest that the recession has run its course and may be followed by an improvement early next year. There are indications that Congress may free business from some of the shackles impeding the investment of capital. Moreover, it is expected that the Inter-State Commerce Commission will permit the railways to increase their freight rates, though probably not by the full 15 per cent. for which they have applied. Retail trade has taken an upturn, and reports from wholesale houses indicate an improvement in the prospects for Spring goods.

LATIN AMERICA

ARGENTINA.—The latest reports from Buenos Aires confirm damage to growing crops by frost in October and November. The yield of the wheat crop is estimated to show a reduction of 20 to 25 per cent. on the previous forecast. Losses to linseed are much less, and maize has been scarcely affected. The exportable sur-season, or as previously reckoned for this season. Argentina will also be affected by the downward tendency in world prices.

BRAZIL.—It is too early to forecast the economic effects upon Brazil of the inauguration of the era of free competition in world coffee markets. President Vargas, however, appears to have widespread support for his policy, and measures being taken are expected to stimulate national production and increase exportation for an increasing number of commodities other than coffee. The new coffee policy is regarded favourably, but with the fall in value of her aggregate exports at anything like the present figure. This probably accounts for the recent weakness in the milreis.

OTHER COUNTRIES.—The future of Chile depends largely on world markets for copper, and that of Peru on cotton. Uruguay is devaluing the gold content of the peso to a parity with sterling at around the existing exchange rate, and is shipping gold to provide the market with exchange pending the commencement of the Central American Republics are affected by Brazil's new coffee policy, and are trying to combat the effect of lower coffee prices.

THE FAR EAST

Stimulated by war needs, Japanese business activity has generally been maintained on a high level and industrial production is being intensified, even in branches not concerned with munition making. Many small businesses and retail traders, however, have been adversely affected by the war with China. Thus in certain branches of the textile trades catering for the home market there are many idle looms; bicycle manufacturers are also among the worst sufferers. Department store sales have recently been running well below last year's level in consequence of the Government's economy campaign. Overseas trade has continued above the level of a year ago, though imports are being restricted in certain instances. Meanwhile the note issue has increased and commodity prices have turned upwards. The Stock Exchange has had a dull tone. The reduction in China's overseas trade figures is partly due to the fact that more business is passing through Hongkong rather than through the northern ports. An improvement occurred last month, imports being 4.7 million dollars and exports 50.3 millions, against 36.3 and 48.7 millions, respectively, in the previous month. Trade is, however, still well below the 1936 level.

UNITED KINGDOM

(Population, mid 1936, 47,098,000; Area 95,030 sq. miles; 244,000 sq. kms.)

United Kingdom figures; otherwise Great Britain (G.B.)	Unit of Measurement	Monthly Average												1936		1937			
		1929	1930	1931	1932	1933	1934	1935	1936	Oct.	Nov.	May	June	July	Aug.	Sept.	Oct.	Nov.	
PRODUCTION																			
1. Industr. Prod. B. of Trade (a)(d)	1930 = 100	108.5	100.0	91.0	90.5	95.5	106.1	113.6	124.7	120.0	119.2	135.4	135.4	135.4	137.0	137.0	137.0	137.0	
2. Coal, G. B.	Mill. tons	21.4	20.3	18.3	17.4	17.2	18.4	18.6	19.0	18.61	20.12	18.7	20.2	18.9	18.2	20.4	20.4	20.4	
3. Electrcy, public supply, G.B.	Mill. kw-hrs.	858	910	951	1,020	1,130	1,288	1,464	1,685	1,861	2,010	1,621	1,575	1,588	1,529	1,752	2,029	2,285	
4. Pig iron	Thous. tons	632	516	314	298	345	497	535	641	670	613	696	699	729	713	770	762	762	
5. Steel ingots and castings	Thous. tons	803	610	434	439	585	738	822	975	1,061	1,001	1,047	1,106	1,059	988	1,163	1,134	1,178	
6. Buildg. plans passed (f) Dwellg.	Thous. £'s	3,688	3,897	3,374	3,907	5,192	5,969	6,536	6,255	5,761	6,411	5,788	5,720	6,208	3,624	5,642	5,538	4,893	
7. 148 towns, G.B. (Other...)	"	2,403	2,320	1,877	1,614	1,781	2,164	2,990	3,497	2,746	3,289	3,406	3,540	3,212	2,223	3,516	3,159	2,913	
8. New Orders, heavy gen. plant	"	100	125	77	112	67	160	148	250	268	263	233	238	237	220	218	197	200	
9. Home	1929 = 100	100	67	50	31	44	60	62	96	93	90	116	114	113	107	97	93	92	
10. Foreign	"	100	93	58	59	56	107	104	167	174	168	173	174	172	161	151	144	144	
11. Total	"	137	79	17	6	20	43	57	91	91	91	123	123	73	73	73	73	73	
12. Shipbuilding: commenced (f)	Thous. gross tons	127	123	42	16	11	38	42	71	93	93	84	84	89	89	89	89	89	
13. " launched (f)	"	1,560	909	401	225	332	597	743	964	1,200	1,200	1,200	1,200	1,200	1,185	1,185	1,185	1,185	
14. Automobiles: priv. cars (b)	Number	15,196	14,139	13,250	14,270	19,232	21,406	25,962	29,479	28,255	30,667	33,489	36,490	33,905	20,888	25,846	25,846	25,846	
15. " Com. vehicles (b)	"	4,705	5,572	5,609	5,123	5,459	7,136	7,681	8,967	7,986	9,240	10,020	10,244	10,305	7,508	9,290	9,290	9,290	
16. Cotton delivered to mills, G.B.	Thous. lbs.	5,272	3,922	4,044	4,272	4,722	4,311	4,722	5,171	5,055	5,282	6,093	5,111	5,352	4,477	5,247	5,247	5,247	
17. Rayon: Output	"	4,742	4,064	4,548	6,043	7,007	7,758	10,113	12,110	13,490	11,513	12,180	14,060	14,600	10,800	14,400	14,400	14,400	
18. " Quantity excised	Thous. st. barrels	1,620	1,568	1,365	1,102	1,193	1,293	1,355	1,395	1,379	1,324	1,511	1,608	1,772	1,636	1,539	1,436	1,436	
19. Beer production	Thous. proof galls.	914	840	786	721	733	719	720	720	707	1,078	1,078	711	711	418	418	418	418	
20. Distilling: Drink (f)	Thous. proof galls.	1,205	1,393	1,438	1,834	2,484	2,816	3,172	3,595	3,376	3,976	4,414	4,414	4,414	4,410	4,410	4,410	4,410	
21. " Industrial alcohol (f)	"	151.6	153.4	148.5	141.5	134.9	135.4	136.1	137.4	136.9	136.9	142.2	142.8	143.1	142.4	142.7	143.2	143.2	
22. " Stocks, end year	Mill. proof galls.	151.6	153.4	148.5	141.5	134.9	135.4	136.1	137.4	136.9	136.9	142.2	142.8	143.1	142.4	142.7	143.2	143.2	
TRADE AND TRANSPORT																			
Domestic Trade																			
23. Rly. traf.: Merch. & lvtg. G.B.	Thous. tons	9,780	8,890	7,602	6,605	6,875	7,660	7,661	8,188	8,900	8,832	8,717	8,764	8,165	8,871	8,871	8,871	8,871	
24. " Coal and coke, G. B.	"	15,933	14,868	13,360	12,861	12,727	13,384	13,447	13,539	13,830	14,512	14,379	13,672	12,366	13,672	13,672	13,672	13,672	
25. Automob.: priv. cars in use, G. B.	Thousands	893.8	967.7	979.7	1,018.4	1,084.9	1,184.5	1,347.5	1,498.8	1,528.6	1,530.2	1,671.2	1,691.2	1,766.1	1,762.1	1,772.7	1,684.0	1,687.4	
26. " Com. vehicles in use, G. B.	"	314.7	333.6	346.0	376.9	373.0	393.5	413.2	437.0	446.0	445.8	458.1	461.1	461.9	460.3	463.1	467.7	467.2	
27. Postal traffic receipts, daily	Thous. £'s	133	135	134	132	100	103	111	120	120	123	139	125	127	126	128	130	130	
28. Retail trade, Gt. Brit.: Food	Avg. daily sales in 1935 = 100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	
29. " Other merchandise	"	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	
30. " Total	"	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	
31. Advtg. expndt. on brand. gds.	1935 = 100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	
Foreign Trade																			
32. Retained imports, value: Food	Thous. £'s	42,444	37,603	33,041	29,810	27,311	27,829	28,616	30,921	37,780	35,997	33,019	34,507	32,609	33,867	35,020	42,111	41,695	
33. " Raw materials	"	23,774	17,674	12,277	11,740	12,897	15,153	15,237	17,934	19,214	20,763	23,719	23,719	23,719	23,719	23,719	23,719	23,719	
34. " Manufactures	"	25,467	23,622	20,367	12,168	11,654	13,985	14,302	16,432	18,593	17,239	20,677	22,275	21,988	21,877	22,178	22,275	23,335	
35. " Total	"	92,589	79,762	66,449	54,221	52,161	56,681	58,739	65,710	79,972	74,337	75,738	80,990	78,702	79,972	82,603	90,887	91,466	
36. Volume: Food (a)(d)	Avg. of 1935 = 100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	
37. " Raw materials (a)(d)	"	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	
38. " Manufactures (a)(d)	"	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	
39. " Total (a)(d)	"	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	
40. Domestic exports, value: Food	Thous. £'s	4,555	3,944	2,898	2,625	2,314	2,538	2,636	2,966	3,619	3,823	3,100	2,972	3,311	3,034	3,415	3,443	3,983	
41. " Raw materials	"	6,575	5,313	3,920	3,634	3,832	4,021	4,400	4,278	4,766	4,568	5,472	5,632	5,556	5,275	5,436	5,810	5,347	
42. " Manufactures	"	47,899	36,745	24,398	23,031	23,475	25,403	27,411	28,410	32,157	28,872	33,269	34,673	37,377	33,383	34,474	36,747	34,682	
43. " Total	"	60,779	47,563	32,552	30,419	30,689	33,000	35,489	36,727	41,764	38,441	42,733	44,233	44,233	44,233	44,233	47,126	43,183	
44. Volume: Food (a)(d)	Avg. of 1935 = 100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	
45. " Raw materials (a)(d)	"	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	
46. " Manufactures (a)(d)	"	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	
47. " Total (a)(d)	"	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	
48. Shipping: Tonnage cleared	Thous. net tons	5,225	5,310	5,023	4,497	5,036	5,223	5,302	5,616	6,002	5,627	6,004	6,287	6,425	6,722	6,014	6,100	6,139	
49. " Tonnage cleared	"	5,723	5,488	4,862	4,620	4,838	4,474	4,777	5,378	5,234	4,637	5,091	5,447	5,820	5,487	5,933	5,503	4,911	
50. " Tonnage laid-up (h)	"	365	1,593	1,966	1,971	1,240	879	438	212	94.1	99.8	137.5	139.4	137.2	143.6	149.8	145.4	129.8	
51. Freight rates, Economist Index	1929 = 100	100	81.7	82.2	77.9	75.1	76.4	76.8	87.3	100	100	100	100	100	100	100	100	100	
52. Cable and wireless traffic receipts	Corresponding month 1929 = 100	100	87.3	73.9	72.3	70.5	72.5	73.5	74.4	75.9	80.5	78.6	73.3	73.4	73.0	72.6	76.5	72.5	
EMPLOYMENT AND WAGES																			
53. Insured pers. employed G.B.	Thousands	10,220	9,797	9,421	9,348	9,681	10,139	10,377	10,912	11,141	11,120	11,473	11,613	11,623	11,672	11,706	11,659	11,573	
54. Insured pers. unemployed	"	1,212	1,915	2,630	2,756	2,496	2,107	1,958	1,684	1,549	1,553	1,390	1,306	1,321	1,294	1,271	1,328	1,432	
55. Per cent. unemployed	"	10.3	15.8	21.1	21.9	19.8	16.6	15.3	13.0	11.9	11.9	10.7	10.0	10.1	9.9	9.7	9.9	10.7	
56. Regist'd at Exchanges, all ages,	"	1,276	2,014	2,718	2,813	2,588	2,221	2,106	1,822	1,677	1,694	1,519	1,423	1,445	1,424	1,403	1,460	1,580	
57. " London	"	118	177	273	306	272	216	203	179	172	178	163	153	155	154	145	167	189	
58. " S.E. England	"	50	75	114	142	120	93	91	79	67	77	62	52	52	58	60	72	85	
59. " S.W.	"	165	91	69	129	157	147	127	114	94	90	93	78	68	67	64	74	80	
60. " Midlands	"	280	419	569	602	557	478	452	304	171	170	177	176	166	151	139	145	162	
61. " N.E. England	"	285	522	627	562	517	461	439	374	341	342	301	281	286	294	300	288	314	
62. " N.W.	"	156	244	358	378	364	331	314	277	255	259	232	214	194	139	138	140	152	
63. " Northern (c)	"	116	158	196	228	219	208	206	198	178	178	149	136	131	132	132	142	141	
64. " Scotland	"	66	36	71	68	68	62	78	67	65	70	68	67	66	64	70	81	81	
65. " Wales	"	676	360	61	68	68	62	78	160	154	148	156	111	512	228	285	152	152	
66. " N. Ireland	"	100	81.7	82.2	77.9	75.1	76.4	76.8	87.3	100	100	100	100	100	100	100	100	100	
67. Industr. disputes, No. days lost	1929 = 100	100	100	97.1	96	95.1	95.1	96.1	99.1	100	100	100	100	100	100	100	100		

UNITED STATES, FRANCE AND GERMANY

	Unit of Measurement	Monthly Average										1936		1937					
		1929	1930	1931	1932	1933	1934	1935	1936	Oct.	Nov.	May	June	July	Aug.	Sept.	Oct.	Nov.	
		1929=100	1929=100	1929=100	1929=100	1929=100	1929=100	1929=100	1929=100	1929=100	1929=100	1929=100	1929=100	1929=100	1929=100	1929=100	1929=100	1929=100	
UNITED STATES (Population 1934: 126,450,000; Area: 7,839,432 sq. kms.)																			
PRODUCTION																			
1. Industrial production, F.R.B. (a)	1929=100	100	89.7	68.1	53.8	63.9	66.4	75.6	88.1	91.6	95.8	99.2	95.8	98.3	93.3	86.6	...		
2. Investment goods, F.R.B. (a)	"	100	72.6	48.2	27.6	41.2	48.5	63.2	82.4	90.0	92.4	99.1	92.6	100.6	104.1	94.1	...		
3. Consumption goods, F.R.B. (a)	"	100	86.8	85.2	75.9	84.2	83.4	87.6	94.5	96.0	100.3	99.7	98.7	92.9	94.7	91.6	...		
4. Coal	Million m. tons	46.0	40.6	33.4	27.2	29.0	31.4	31.6	36.5	43.1	41.4	31.0	32.7	31.1	32.9	38.3	35.9		
5. Electricity generated	Million kw. hrs.	8,113	7,995	7,644	6,842	7,111	7,590	8,283	9,461	10,176	9,785	9,975	10,071	10,342	10,332	10,231	...		
6. Steel	Thous. m. tons	4,599	3,326	2,133	1,128	1,913	2,139	2,830	3,973	4,618	4,407	4,526	4,251	4,630	4,940	4,371	3,447		
7. Index of machine tool orders	1929=100	100	46.0	26.0	12.6	17.4	29.7	55.5	87.7	87.6	94.5	109.8	115.4	135.2	...	2,188	...		
Building contracts awarded:																			
8. Residential	Million \$	159.6	91.8	67.6	23.3	20.8	20.7	39.9	66.8	79.7	68.4	83.9	93.1	81.0	73.4	65.6	...		
9. Other	"	319.6	285.1	190.1	89.3	83.8	107.9	114.1	156.1	146.1	139.8	190.2	225.0	240.6	211.7	141.5	...		
10. Commercial	Thousands	382	232	164	88	131	181	271	306	341	341	425	411	369	311	119	...		
11. Activity in textile industry	1929=100	100	79.1	81.7	72.2	84.3	73.9	90.4	97.4	99.1	105.2	107.0	109.6	75.2	100.0	93.9	70.1		
12. Stocks of raw materials	"	100	106.0	116.7	120.7	122.1	120.7	94.0	86.2	102.7	108.0	81.8	61.0	69.8	75.2	92.3	...		
13. Stocks of manufactures	"	100	102.5	65.0	86.7	85.9	90.9	86.7	85.0	85.9	86.7	88.3	90.1	90.8	90.8	90.1	...		
TRADE AND TRANSPORT																			
15. Index of Rly. car loadings	"	100	86.8	70.7	52.8	54.7	58.5	59.4	67.9	72.6	77.3	75.4	73.6	75.4	73.6	73.6	...		
16. Index of Dept. Store sales	"	100	91.9	82.9	62.2	60.3	67.6	71.2	79.2	81.0	84.6	83.8	84.7	82.9	84.7	84.7	...		
17. Retained imports	Million \$	362	260	174	110	119	136	170	202	213.4	200.3	278.8	278.7	283.4	49.1	234.1	224.4		
18. Domestic exports	"	430	315	198	131	137	175	187	201	202.2	223.9	285.1	256.5	274.2	293.5	333.1	...		
EMPLOYMENT AND WAGES																			
19. Factory employment, F.R.B. (a)	1929=100	100	87.2	73.8	62.6	68.8	78.8	82.1	87.8	90.1	91.8	97.6	96.8	98.4	97.8	96.2	...		
20. Pay rolls, F.R.B. (a)	"	100	81.1	61.8	42.6	45.3	57.7	65.4	75.5	81.6	83.1	96.2	94.3	92.0	95.1	91.8	...		
21. Hourly earnings, N.I.C.B. (a)	"	100	100	96	84	83	99	102	105	106.7	107.5	121.0	122.2	123.1	123.5	124.0	...		
22. Av. hours of work, N.I.C.B. (a)	"	100	100	96	84	83	99	102	105	106.7	107.5	121.0	122.2	123.1	123.5	124.0	...		
23. Number unemployed, A.F.L.	Thousands	1,864	4,770	8,738	13,182	13,723	12,364	12,208	...	41.2	41.3	40.5	40.1	39.2	138.9	38.3	...		
PRICES																			
24. Cost of living, N.I.C.B. (a)	1929=100	100	96.2	87.2	77.9	74.9	79.4	82.6	84.8	85.6	85.7	88.7	88.8	88.8	88.9	89.3	89.4		
25. Wholesale prices, D. of Lab. (a)	"	100	90.7	76.6	68.0	69.3	78.7	83.9	84.8	85.5	85.6	88.7	88.8	88.8	88.9	89.3	89.4		
26. " raw materials	"	100	86.5	67.3	56.5	57.9	70.4	79.1	82.0	84.2	85.2	91.7	91.5	92.2	91.8	91.7	89.5		
27. " semi-manufactures	"	100	87.2	73.5	63.2	61.4	77.8	78.0	80.8	81.2	83.7	93.1	92.3	92.7	92.3	90.8	89.5		
28. " Finished goods	"	100	93.1	81.1	74.4	74.6	82.6	80.7	86.8	86.8	87.1	92.6	92.6	92.6	92.6	92.6	89.5		
29. " Farm products	"	100	84.1	61.8	45.9	49.0	62.3	75.1	77.2	80.1	81.1	85.6	84.3	85.1	82.4	91.4	94.3		
30. 351 Indus. securit., Stand. Stat.	"	100	74.2	45.9	24.4	35.0	42.9	48.0	67.3	72.5	72.4	70.6	74.6	75.8	65.7	55.4	50.7		
FINANCE																			
31. Total Res. Bank credt. (a)	Million \$	1,739	1,386	1,853	2,171	2,674	2,470	2,486	2,500	2,476	2,453	2,585	2,562	2,574	2,577	2,578	12,803		
32. Gold stock	"	3,900	4,225	4,051	4,045	4,012	8,238	10,125	11,258	11,045	11,184	11,989	12,318	12,454	12,566	12,740	12,774		
33. Money in circulation	"	4,578	4,603	5,360	5,360	5,519	5,536	5,882	6,543	6,351	6,466	6,462	6,447	6,460	6,524	6,542	6,555		
34. Member Bank Res. Balances	"	2,955	2,471	1,961	2,809	2,729	4,096	5,587	6,006	6,753	6,788	6,815	6,900	6,763	6,751	7,014	6,561		
35. " Excess Reserves	"	-78	96	38	576	859	1,484	1,984	1,984	2,175	2,236	918	865	791	773	1,038	...		
36. Member Banks in 10 towns	"	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...		
37. Loans and investments	"	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...		
38. Deposits: Demand	"	19,112	18,660	15,985	14,965	11,383	11,419	13,888	15,571	15,344	15,464	22,201	22,330	22,219	22,332	22,187	...		
39. " Time	"	13,070	13,654	11,453	10,527	4,790	4,781	4,911	5,067	5,065	5,057	15,528	15,186	15,033	14,924	14,864	14,610		
40. Bank debits outside N. Y. City	"	26,901	23,113	17,119	12,819	13,288	15,701	18,676	23,238	20,142	18,475	19,292	20,019	20,152	18,409	18,042	18,042		
41. Call money	%	7.81	2.94	1.74	2.05	1.16	1.0	0.56	0.91	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0		
42. Yield on Govt. bonds	%	3.60	3.28	3.31	3.66	3.31	3.10	2.56	2.47	2.42	2.29	2.67	2.64	2.59	2.59	2.27	2.27		
43. Capital issues, C.F. Chronicle	Million \$	595	848	260	99	59	115	123	166	466	381	150	359	250	78	223	196		
FRANCE (Population 1936: 41,906,000; Area: 550,986 sq. kms.)																			
PRODUCTION																			
43. Industrial production, S.G.F. (b)	1929=100	100	100.7	89.2	69.1	77.0	71.2	67.6	70.5	69.8	70.5	74.8	73.4	71.9	65.5	69.8	71.9		
44. Coal	Thous. met. tons	4,482	4,490	4,167	3,856	3,907	3,969	3,851	3,769	4,165	4,336	3,414	3,509	3,530	2,587	3,373	4,044		
45. Electricity	Thous. met. tons	100	98.2	89.3	88.2	96.7	98.3	101.7	104.2	100.9	105.9	116.0	115.0	114.2	111.7	112.6	112.6		
46. Steel	Thous. met. tons	808	787	652	470	544	512	522	559	627	579	651	685	685	559	672	703		
47. Building activity, S.G.F. (a)	1929=100	100	111.4	101.6	81.3	74.0	66.7	55.3	52.0	46.7	49.6	46.7	44.7	43.1	41.4	41.4	...		
TRADE AND TRANSPORT																			
48. Rly. car loadings, daily	Thous. cars	65.1	65.4	53.9	47.3	45.2	40.1	40.9	40.9	46.3	46.3	39.8	41.9	39.7	36.9	41.4	45.6		
49. Imports	Mill. fr.	4,852	4,376	3,517	2,484	2,369	1,925	1,745	2,117	2,247	2,707	3,051	3,707	3,200	3,158	3,436	3,720		
50. Exports	"	4,178	3,570	2,536	1,642	1,539	1,487	1,289	1,288	1,460	1,720	1,759	1,937	1,872	1,861	2,074	2,365		
EMPLOYMENT AND WAGES																			
51. Unemployed in receipt of benefit	Thousands	0.9	2.5	56.1	273.4	278.0	345.0	426.9	412.1	406.6	407.8	346.0	322.0	314.0	311.3	305.3	319.2		
52. Wage rates, Paris region	1929=100	100	108	105	100	102	102	102	101	116	...	...	...	...	...	...	...		
PRICES																			
53. Wholesale, index of S.G.F. (a)	"	100	88.4	80.0	68.2	63.6	60.0	54.0	65.5	75.1	78.5	87.7	88.8	92.8	96.2	100.5	99.2		
54. Cost of living, Paris	"	100	104.5	102.3	94.6	93.5	92.8	86.1	91.1	97.1	97.1	109.0	109.0	113.3	113.3	113.3	113.3		
55. Industrial securities	"	100	84.6	58.1	47.0	44.8	35.4	36.3	33.4	34.9	38.3	42.5	42.6	40.4	41.6	41.0	40.3		
FINANCE																			
56. Govt. revenue: impôts indirects	Mill. fr.	35,496	33,912	33,048	28,980	28,560	27,420	26,244	26,670	22,340	24,361	12,047	14,354	17,522	19,684	22,054	25,346		
57. Impôts sur les revenus	"	10,592	10,716	10,068	7,428	6,348	5,904	5,088	5,705	3,807	4,913	1,044	1,379	2,065	2,889	3,373	4,448		
58. Bank of France: Gold	"	41,668	53,578	68,563	82,017	77,098	82,124	66,296	60,359	64,359	64,359	87,198	86,651	85,745	55,718	55,905	55,905		
59. " Notes in circulation	"	68,571	76,436	85,725	82,017	77,098	82,124	66,296	60,359	64,359	64,359	87,198	86,651	85,745	55,718	55,905	55,905		
60. Commercial bank deposits	"	34,065	36,681	38,245	37,759	32,635	30,943	27,553	24,484	27,549	28,015	28,242	28,128	28,128	28,128	28,128	28,128		
61. Bank clearings, Paris	"	42,705	46,333	38,377	27,700	31,545	27,012	22,253	24,244	26,159	28,385	26,247	29,991	28,318	23,175	30,780	33,590		
62. Interest rates: Bank rate	%	3.50	2.71	2.12	2.00	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50		
63. " Market discount	%	3.50	2.26	1.55	1.26	1.90	2.09	3.48	4.00	2.45	2.11	4.13	5.28	5.25	4.14	3.67	4.00		
64. " 3% Rentes	%	8.98	3.42																
65. Capital issues	Mill. fr.	1,569	2,233	1,899	1,214	868	806	615	328	501	179	424	390	3.70	3.14	3.67	4.00		
GERMANY (Population 1934: 66,382,000; Area: 470,714 sq. kms.)																			
PRODUCTION																			
66. Industrial production, I.K. ...	1929=100	100	85.9	67.6	53.3	60.7	79.8	94.0	106.3	112.2	113.7	117.9							

THE ECONOMIST TRADE SUPPLEMENT

RAW MATERIALS AND CRUDE FOODSTUFFS

GROUP I.—MONTHLY TABLE.

Dec. 25,
1937

GROUP 1.—MONTHLY TABLE.																			
Commodity	Unit of Measurement	Monthly Average										1936		1937					
		1929	1930	1931	1932	1933	1934	1935	1936 (a)	Oct.	Nov.	May	June	July	Aug.	Sept.	Oct.	Nov.	
COAL																			
1. Production: Belgium	Th. metric tons	2,245	2,285	2,254	1,785	2,108	2,199	2,207	2,329	2,518	2,442	2,298	2,512	2,274	2,345	2,532	2,593	2,593	
2. " " Germany	"	4,482	4,490	4,187	3,856	3,907	3,859	3,851	3,769	4,165	3,439	3,414	3,509	3,530	3,574	3,587	3,673	4,044	
3. " " Poland	"	13,820	11,892	9,887	8,728	9,141	10,405	11,918	13,198	14,587	13,879	13,904	15,403	15,915	15,354	15,634	16,113	16,113	
4. " " U.K.	"	3,883	3,126	3,189	2,403	2,283	2,436	2,395	2,479	3,157	3,046	2,494	2,946	3,219	3,109	3,197	3,354	3,354	
5. " " U.S.A.	"	21,837	20,650	18,582	17,717	17,525	18,708	18,877	19,340	20,341	19,519	19,016	20,557	19,246	18,524	20,749	20,699	20,699	
6. " " All Principal countries	"	46,026	40,590	38,395	27,183	28,967	31,398	31,576	36,470	43,125	41,441	31,041	32,841	31,123	32,885	38,298	40,478	40,478	
7. Price: Av. Br. expt. price	sh. per ton	16-08	16-67	16-17	16-25	16-08	16-04	16-29	16-98	17-19	17-20	18-56	18-88	18-99	19-08	19-43	19-35	19-4	
OIL																			
9. Production: Dutch East Indies	Th. metric tons	437	461	392	424	461	503	507	536	580	591	611	599	632	628	616	...	...	
10. " " Mexico	"	556	492	411	408	422	475	507	511	483	478	506	499	575	418	...	...	...	
11. " " Persia (Ang.-Ir. Oil)	"	462	503	487	543	544	579	577	628	619	608	762	750	803	869	...	...	...	
12. " " Roumania	"	403	483	563	612	615	706	698	723	716	683	616	589	591	588	...	...	...	
13. " " U.S.A.	"	11,509	10,280	9,714	8,970	10,347	10,375	11,886	12,550	13,134	12,478	15,206	14,507	15,180	15,779	15,078	...	...	
14. " " U.S.S.R.	"	1,206	1,552	1,912	1,791	1,786	2,013	1,989	2,193	2,211	2,229	2,194	2,229	2,085	2,085	...	...	...	
15. " " All Principal countries	"	17,082	16,293	15,766	15,004	16,465	17,366	18,788	20,463	21,156	20,598	23,755	23,068	23,905	24,452	...	...	...	
16. Stocks: U.S.A. end year	million barrels	422	402	371	340	354	337	315	288	292	289	308	308	308	311	310	...	...	
17. Price: U.S.A. Mid-cont. crude	cents per barrel	123-3	111-1	57-3	81-3	60-1	94-0	94-0	104-0	104-0	104-0	116-0	116-0	116-0	116-0	116-0	116-0	116-0	
CRUDE STEEL																			
18. Production: Belgium	Th. metric tons	342	280	259	232	229	246	252	265	298	283	330	349	356	355	355	354	...	
19. " " France	"	808	787	652	470	544	514	523	559	627	581	651	685	685	559	662	703	...	
20. " " Germany, inc. Saar	"	1,354	962	691	481	632	900	1,342	1,596	1,705	1,507	1,608	1,658	1,654	1,663	1,690	1,714	...	
21. " " Japan, ex. castings	"	191	191	157	107	167	325	375	419	422	458	496	489	489	215	214	198	...	
22. " " Luxembourg	"	225	189	170	103	161	153	165	188	177	176	224	237	221	215	214	198	...	
23. " " U.K.	"	816	620	438	445	595	750	833	990	1,078	1,017	1,064	1,124	1,076	1,004	1,182	1,152	...	
24. " " U.S.A., ex. castings	"	4,599	3,326	2,133	1,128	1,913	2,139	2,830	3,973	4,618	4,407	5,236	4,251	4,630	4,940	4,371	3,447	...	
25. " " U.S.S.R.	"	407	483	451	490	571	800	1,034	1,962	1,519	1,442	1,521	1,450	1,429	1,458	1,458	1,626	...	
26. " " All Principal countries	"	9,714	7,660	5,615	4,113	5,510	6,838	7,983	9,975	11,148	10,538	11,927	11,044	11,315	11,428	11,183	10,445	...	
27. Price: Pig iron Cleveland, No. 3	per ton £	3-53	3-85	2-91	2-91	3-13	3-35	3-39	3-70	3-75	3-81	4-05	5-05	5-05	5-05	5-05	5-05	5-21	
GOLD																			
28. Production: Union of S. Africa	Thous. fine ozs.	668	893	907	963	918	873	898	945	977	944	972	975	997	989	976	987	...	
29. " " U.S.S.R.	"	90	120	142	166	222	355	486	613	...	...	...	...	...	...	...	...	...	
30. " " Canada	"	161	175	225	254	246	248	274	310	...	...	...	...	...	...	...	...	...	
31. " " U.S.A.	"	171	175	185	185	190	229	264	310	...	...	334	319	340	345	347	348	...	
32. " " World (b)	"	1,632	1,736	1,863	2,028	2,113	2,313	2,574	2,900	...	...	...	...	...	...	...	...	...	
33. Price: London, per fine ounce	sh.	84-9	85-0	92-5	118-0	124-9	137-6	142-1	140-3	141-91	142-27	140-61	140-56	140-03	139-52	140-20	140-52	140-06	
WHEAT																			
34. World shipments, yr. ended July	Mins. of bushels	77	53	69	67	53	46	43	42	52	53	43	41	29	...	...	...	...	
35. Stks.: World visible supplies (d)	"	370-1	411-9	462-7	408-2	459-7	477-2	339-5	275-1	305-6	292-9	184-2	157-8	229-5	273-3	312-0	291-4	...	
36. Average British import price...	sh. per cwt.	10-33	8-22	5-09	4-08-2	5-52	6-02	7-53	6-68	8-80	10-99	9-31	10-42	10-61	10-33	10-23	10-06	...	
COTTON																			
37. Mill consumption: U.K.	Thousands of actual bales	233	205	164	182	187	206	209	228	233	233	...	...	...	...	...	...	...	
38. " " Japan	"	231	250	214	231	242	271	311	304	324	324	...	...	...	...	...	...	...	
39. " " U.S.A.	"	586	505	437	404	509	472	443	527	641	641	...	...	...	...	...	...	...	
40. " " World	"	2,157	2,101	1,874	1,800	2,029	2,093	2,035	2,116	2,389	2,389	...	...	...	...	...	...	...	
41. Stks.: World Visible Supplies (d)	Thousand bales	2,736	4,317	6,583	7,682	7,510	6,571	3,983	4,297	7,412	8,138	5,105	4,362	3,875	4,167	5,990	7,9-6	8,501	
42. Price: Mid. American	d. per lb.	10-33	7-46	5-08	5-25	6-54	6-67	6-70	6-69	6-93	6-81	7-31	7-06	6-68	5-89	5-36	4-84	4-50	
SUGAR																			
43. Stks.: World visible supplies (d)	Thous. tons	4,047	5,522	6,765	7,018	8,441	5,692	4,166	2,983	3,777	5,502	4,878	4,388	3,752	2,816	4,002	...	...	
44. Av. Brit. import price, unrefined	sh. per cwt.	9-68	8-91	8-10	7-70	7-46	6-96	6-36	6-71	6-48	7-05	8-32	8-50	8-09	7-7	8-52	9-2	9-9	

GROUP II (a).—BI-MONTHLY TABLE.

RUBBER		GROUP II (a).—BI-MONTHLY TABLE.																	
1. Production: Ceylon	Thous. tons	6-69	6-30	5-19	4-10	5-32	6-59	4-52	4-14	5-59	4-98	4-61	5-15	6-28	7-31	5-80	6-70	...	
2. " " D. E. Indies	"	21-22	20-18	21-40	17-58	23-51	31-80	23-54	25-81	28-78	30-48	38-55	47-12	44-24	40-84	38-44	33-83	...	
3. " " British Malaya	"	38-05	36-90	35-20	33-80	37-10	38-90	34-71	29-48	33-59	30-55	33-93	31-38	45-90	43-28	48-52	47-59	...	
4. " " World	"	72-20	68-80	66-60	59-05	71-03	84-93	72-68	71-36	81-73	78-33	86-78	95-97	112-26	102-56	106-9	99-71	...	
5. " " Quota of restricting countries	% of est. cap'city	...	...	...	...	...	87-14	67-50	62-50	65-00	65-00	80-00	80-00	90-00	90-00	90-00	90-00	90-00	
6. Consumption: U.K.	Thous. tons	6-02	6-38	6-38	6-50	6-63	9-18	8-29	6-59	7-25	7-10	8-22	8-38	11-88	12-72	11-08	9-77	...	
7. " " U.S.A.	"	38-95	31-33	29-58	28-08	34-33	38-75	41-04	47-79	49-64	50-43	51-73	51-80	43-65	41-46	43-89	38-71	...	
8. " " World	"	67-12	59-53	57-05	57-70	68-73	78-78	78-58	85-07	90-66	87-09	100-26	100-89	88-751	89-39	90-91	80-58	...	
9. " " Recd. in U.S.A.	"	18-08	12-79	10-25	6-46	7-08	8-40	9-42	10-84	13-72	13-09	14-69	14-41	11-92	14-67	13-68	12-23	...	
10. Stocks: U.K. end year	"	73-2	118-6	127-1	92-7	86-5	134-9	164-3	78-5	98-63	88-78	46-6	43-4	42-2	45-2	49-8	51-9	...	
11. " " U.S.A. " "	"	118-6	201-0	322-0	379-0	365-0	355-0	303-0	218-8	224-0	211-5	173-0	169-6	164-4	171-1	182-6	195-7	...	
12. " " World " "	"	328-7	453-3	589-3	589-2	619-4	687-4	595-3	433-9	453-0	434-0	374-4	384-2	396-4	405-3	424-35	426-4	...	
13. Price: London, 81 sm. sheet	pence per lb.	10-25	5-91	3-13	2-34	3-25	6-22	6-00	7-75	7-91	8-59	10-47	9-69	9-13	8-91	9-03	7-83	...	
RAYON																			
(i) Continuous Filament																			
14. Production: France (e)	Mill. lb.	3-1	3-3	3-7	4-3	4-8	4-8	4-4	3-5	3-5	3-5	4-0	4-0	4-1	4-1	4-1	...	...	
15. " " Germany (e)	"	4-9	4-9	5-2	4-6	5-2	6-1	8-7	9-3	7-1	9-1	9-8	9-8	10-5	10-5	10-5	...	...	
16. " " Italy (e)	"	5-9	5-5	6-4	5-9	5-9	7-0	7-2	7-3	7-1	7-1	9-0	8-7	9-2	9-2	...	...	...	
17. " " Japan (e)	"	2-1	3-0	4-0	4-3	6-2	13-0	18-3	22-9	23-8	24-5	28-0	27-9	29-5	28-9	27-0	28-5	...	
18. " " U.K.	"	4-4	4-2	4-5	5-7	6-9	7-5	9-3	9-7	10-9	9-7	12-0	10-8	11-2	8-3	10-7	10-1	...	
19. " " U.S.A.	"	10-1	10-6	12-6	11-2	17-8	17-7	21-5	23-2	22-9	22-9	28-2	28-2	27-1	27-1	27-1	...	...	
20. " " World (e)	"	36-0	37-0	41-8	44-0	55-2	63-2	77-6	85-2	87-4	87-4	96-0	96-0	101-2	101-2	101-2	...	...	
21. Price: Viscose, std. grade, per lb.	pence	...	...	78-0	77-0	72-0	59-0	55-5	55-5	55-6	54-7	55-1	55-0	55-0	55-0	55-0	...	...	
(ii) Staple Fibre																			
22. Production: France (e)	Mill. lb.	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
23. " " Germany (e)	"	0-3	0-5	0-5	0-1	0-2	0-4	0-7	1-0	1-2	1-2	1-1	1-1	1-2	1-2	1-2	...	...	
24. " " Italy (e)	"	0-1	0-1	0-1	0-1	0-1	1-0	1-8	5-5	8-3	8-3	15-0	15-0	18-3	18-3	18-3	...	...	
25. " " Japan (e)	"	...	...	...	...	...	...	...	...	...	...	13-1	12-9	13-1	13-6	...	...	...	
26. " " U.K.	"	0-2	0-1	0-1	0-2	0-2	0-4	1-1	3-3	6-5	6-5	12-9	15-3	16-9	17-3	...	...	...	
27. " " U.S.A. (e)	"	0-0	0-0	0-1	0-1	0-2	0-3	0-8	2-4	2-6	2-6	2-9	2-8	3-4	2-5	3-1	3-4	...	
28. " " World (e)	"	0-7	0-6	0-8	1-8	2-5	4-5	11-4	22-6	28-8	28-8	44-2	46-3	58-3	58-4	58-0	...	...	
29. Price: Viscose, std. grade, per lb.	pence	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
WOOL																			
30. Stocks: Australia, S. Africa, N. Zealand, June 30	Million lbs.	35	98	101	147	74	114	94	47	...	...	...	...	...	...	...	...	...	
31. Price: Weekly Wool Chart 1929	...	64-7	49-3	48-6	60-4	68-1	62-1	78-4	79-3	87-9	106-0	103-5	106-0	106-9	100	89-7	78-4	...	
PIG IRON																			
32. Production: France	Th. met. tons	4-4	4-6	683	461	527	513	482	520	551	552	666	685	699	649	685	705	...	
33. " " U.K.	"	1-03	8-43	505	328	439	728	1,045	1,275	1,379	1,527	1,313	1,304	1,345	1,362	1,347	1,418	...	
34. " " Germany	"	...	...	524	318	330	508	544	651	681	653	707	717	741	725	738	782	...	
35. " " U.S.S.R.	"	3,580	2,659	1,647	735	1,119	1,384	1,779	2,581	3,040	2,995	3,584	3,157	3,555	3,664	3,465	2,939	...	
36. " " All principal countries	"	362	412	405	513	597	867	1,042	1,193	1,224	1,184	1,259	1,236	1,252	1,243	1,261	1,273	...	
37. " " TEA	"	7,974	6,454	4,620	3,170	3,959	5,026	5,882	7,290	8,005	7,878	8,873	8,399	8,902	8,804	8,439	...	...	
38. Exports: Ceylon	Million lbs.	21-0	20-2	20-6	21-1	18-0	18-2	17-7	18-2	14-3	14-8	25-9	19-0	19-6	14-7	14-3	18-8	...	
39. " " Dutch East Indies	"	13-3	13-2	14-1	14-5	13-2	11-8	12-1	12-8	14-8	15-0	13-2	11-5	12-1	11-3	11-3	11-2	...	
40. " " British India	"	32-0	30-0	28-0	29-3	28-0	27-1	26-2	43-6	42-2	42-2	35-5	33-9	32-2	42-2	52-2	53-5	...	
41. " " World	"	80-6	74-0	75-0	77-7	70-7	71-9	70-4	70-3	85-7	82-0	88-5	84-0	80-9	83-2	...	...	...	
42. " " Quota of Restricting countries (f)	% of std. quantity	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
43. Consumption: U.K.	Mill. lbs.	35-4	35-3	37-9	36-5	37-5	82-5	82-5	82-5	82-5	82-5	87-5	87-5	87-5	87-5	87-5	87-5	...	
44. " " World	"	76-1	72-5	71-2	72-2	71-2	72-8	71-3	71-3	87-7	87-7	21-6	28-8	34-5	31-6	37-3	37-9	...	
45. Stocks: U.K. and Holland	Thous. tons	281-8	295-8	309-9	315-8	295-7	309-4	270-3	241-2	234-3	242-8	155-9	150-7	137-0	151-2	155-6	175-8	...	
46. Price: Av. London auctions	pence per lb.	125-1	125-2	125-2	125-2	125-2	125-2	125-2	125-2	125-2	125-2	125-2	125-2	125-2	125-2	125-2	125-2	...	
CROPS (Season and 2-2)																			